

**BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI**

In the Matter of the Application of Evergy Metro, Inc.)
d/b/a Evergy Missouri Metro for Approval of a) **Case No. ET-2021-0151**
Transportation Electrification Portfolio)

In the Matter of the Application of Evergy Missouri)
West Inc. d/b/a as Evergy Missouri West for) **Case No. ET-2021-0269**
Approval of a Transportation electrification Portfolio)

STAFF RECOMMENDATION

COMES NOW the Staff of the Missouri Public Service Commission, by and through the undersigned counsel, and for its *Staff Recommendation* states:

1. On February 24, 2021, Evergy Metro, Inc d/b/a Evergy Missouri Metro and Evergy Missouri West, Inc. d/b/a Evergy Missouri West (collectively, “Evergy”) applied for approval of a portfolio of transportation electrification programs, variance of Commission rules, authority to defer program costs to a regulatory asset and a finding on the prudence of expansion of its “Clean Charge Network.”

2. On February 25, 2021, the Commission issued its *Order Directing Notice and Setting Deadlines for Intervention Applications and Staff’s Recommendation*, which directed Staff to file a recommendation or status report no later than March 29, 2021.

3. Evergy’s application includes requests for business and public transit EV charging tariffs, rebates for commercial and residential EV charger outlet installations, and an increase in the cap on charging stations under its previously established Clean Charge Network. Evergy also requests a regulatory asset to capture the \$15.6 million in combined Company expenses for the programs.

4. Staff has reviewed Evergy's application and supporting testimony, as well as its specimen tariffs, and does not recommend approval of those specimen tariff sheets as currently constituted. This recommendation is based on significant concerns Staff has with the tariffs and corresponding rate designs, the REC acquisition and retirement program as well as the issue regarding establishing rates for the sale of electricity outside of a general rate proceeding. Furthermore, Evergy's request to establish and modify rates is contrary to 393.1655.2 RSMo, which prohibits rate modifications for a period of three years for utilities electing to use 393.1400's plant in service (PISA) deferral accounting.¹ Staff outlines its concerns in the attached Memorandum.

5. For the reasons stated here and in the attached Memorandum, Staff recommends the Commission reject the tariff sheets. If the Commission does not reject the tariff sheets, Staff recommends the Commission order parties to develop and submit a proposed procedural schedule that includes adequate time for full stakeholder participation in refinement of the proposed Portfolio. Such schedule may include filing of supplemental direct testimony by Evergy to incorporate changes to the Portfolio.

WHEREFORE, Staff prays the Commission accepts its recommendation, orders that a procedural schedule be developed, and grant such other and further relief as the Commission considers just in the circumstances.

¹ The only exemptions are for rates promulgated under a statutory rider. There is no statutory rider for electrification or EV charging.

Respectfully submitted,

/s/ Nicole Mers

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CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing was served by electronic mail, or First Class United States Postal Mail, postage prepaid, on this 29th day of March 2021, to all counsel of record.

/s/ Nicole Mers

MEMORANDUM

To: Missouri Public Service Commission Official Case File
Case Nos. ET-2021-0151 and ET-2021-0269
YE-2021-0160 and JE-2021-0161

From: Kimberly K. Bolin, Manager, Auditing Department
Claire M. Eubanks, P.E., Manager, Engineering Analysis
Sarah L.K. Lange, Economist, Tariff/Rate Design
Byron M. Murray, Economist, Tariff/Rate Design

/s/ Robin Kliethermes 03/29/2021 /s/ Nicole Mers 03/29/2021
Manager, Tariff/Rate Design Department/Date Staff Counsel's Office/Date

Subject: Staff Recommendation for the Rejection of the Evergy Missouri Metro and
Evergy Missouri West Transportation Electrification Portfolio, as Proposed

Date: March 29, 2021

Procedural History

On February 24, 2021, Evergy Metro, Inc d/b/a Evergy Missouri Metro and Evergy Missouri West, Inc. d/b/a Evergy Missouri West applied for approval of a portfolio of transportation electrification programs, variance of Commission rules, authority to defer program costs to a regulatory asset and a finding on the prudence of expansion of its "Clean Charge Network." By the Missouri Public Service Commission's (Commission) March 17, 2021 *Order Suspending Tariffs*, the tariff sheets have been suspended until July 24, 2021.

By its February 25, 2021 Order Directing Notice and Setting Deadlines for Intervention Applications and Staff's Recommendation, the Commission directed Staff to file its recommendation or a status report regarding the filings no later than March 29, 2021.

Discussion

Staff has reviewed the suspended tariff sheets, filed "Report", workpapers, and responses to data requests submitted to date and does not recommend approval of those specimen tariff sheets as currently constituted. The apparent budget associated with the various requests contemplated is approximately \$9.5 million for Evergy Metro and \$6.1 million for Evergy West, for a total of approximately \$15.6 million for both Evergy affiliates. However, it appears that these budgets do not include the full cost of supportive distribution and transmission infrastructure or capacity.

The tariffs provide:

- **Business EV Charging Service, Original Sheet No. 158:** This tariff establishes a rate for the sale of electricity “[t]o any non-residential customer using electric service for the exclusive use of charging electric vehicles.” An option under this service includes a renewable energy credit (“REC”) acquisition/retirement program.
- **Electric Transit Service, Original Sheet No. 159:** This tariff establishes a rate for the sale of electricity “[t]o any non-residential customer using electric service for the exclusive use of charging electric public transit vehicles.” An option under this service includes a REC acquisition/retirement program.
- **Rebate Portfolio, Original Sheet No. 160 et seq.:** “The purpose of the Transportation Electrification Pilot Program (Program) is to stimulate and support the development of infrastructure within the Company’s service territory needed to accommodate widespread adoption of electric vehicles (EVs). This will be accomplished by providing targeted incentive offerings intended to overcome market barriers to deploying charging infrastructure in residential and commercial settings.”
 - **Residential Customer EV Outlet Rebate, Original Sheet 160.3:** “The Program provides a rebate for the installation of a dedicated 240V, 40 amp or greater, circuit, including a NEMA 14-50 outlet for EV charging....Residential customers are eligible to receive a rebate for the lesser of 50% of eligible installation costs or \$500 per outlet with a maximum incentive of (1) one per premise.”
 - **Residential Customer EV Outlet Rebate, Original Sheet 160.4:** “The Program provides a rebate for the installation of a dedicated 240V, 40 amp or greater, circuit, including a NEMA 14-50 outlet during new residential construction....Builders and developers are eligible to receive \$250 per outlet with a maximum incentive of (1) per premise.”
 - **Commercial EV Charger Rebate, Original Sheet 160.5:** “The Program provides a rebate to existing or potential commercial customers that commit to installing, owning, and operating qualifying EVSE at highway corridor, public, workplace, fleet, or multifamily sites. Both new construction projects and retrofit projects are eligible to apply...Qualified L2 EVSE are eligible for a flat rebate of \$2,500 per port. Qualified DCFC EVSE are eligible for a rebate of \$20,000 per unit.”

The application also includes:

- “Evergy requests that the Commission authorize the Company to use a regulatory asset tracking mechanism to track and defer the pilot program costs which include rebate incentives and certain associated customer education and administrative costs.”
Report page 31

- “Evergy requests that the Commission find that the limited and targeted CCN expansion plans Evergy has announced in this filing are prudent from a decisional perspective.” Report page 32.
 - “In addition to the new pilot programs and rates described above, Evergy seeks to increase the cap to expand the CCN in Missouri to continue meeting the market demand for EV charging aligned to expected EV adoption growth.” Report page 34.
 - “Site selection for new CCN stations will prioritize commercial locations in underserved communities, secondary and tertiary highway corridors, streetlight charging, and designated charging to support rideshare and TNC [transportation network company] use cases.” - Report Page 34.
- “Evergy requests a variance of subsections 4 CSR 240-14.020(1)(B), (1)(D), and (1)(E) only as those subsections are applied to the pilot programs as described in any approved compliance tariffs resulting from this case.”

The budget proposed by the Evergy affiliates for these activities is summarized below:¹

	<u>Metro</u>	<u>West</u>	<u>Total</u>
Expand Clean Charge Network	\$ 1,200,000	\$ 1,600,000	\$ 2,800,000
Residential Customer EV Outlet Rebate	\$ 650,000	\$ 350,000	\$ 1,000,000
Residential Developer EV Outlet Rebate	\$ 30,000	\$ 60,000	\$ 90,000
Commercial EV Charger Rebate	\$ 6,500,000	\$ 3,500,000	\$ 10,000,000
Customer Education and Program Administration	\$ 1,100,000	\$ 600,000	\$ 1,700,000
	\$ 9,480,000	\$ 6,110,000	\$ 15,590,000

A high level and non-exhaustive summary of Staff’s concerns to be discussed with stakeholders through Evergy’s contemplated stakeholder process is provided below:

- **Business EV Charging Service, Original Sheet No. 158:** This tariff establishes a rate for the sale of electricity outside of a general rate case in apparent contravention of the rate freeze accepted by Evergy Missouri West and Evergy Missouri East in its election of PISA accounting treatment, as discussed in the Pleading accompanying this memorandum. The rate values contemplated, if lawful, require additional study and refinement, as do the terms of service including the REC acquisition/retirement program.
- **Electric Transit Service, Original Sheet No. 159:** This tariff establishes a rate for the sale of electricity outside of a general rate case in apparent contravention of the rate freeze accepted by Evergy Missouri West and Evergy Missouri East in its election of PISA accounting treatment, as discussed in the Pleading accompanying this

¹ This does not include the cost of the supportive infrastructure, such as distribution and transmission capacity or an additional cost of procurement of generation capacity.

memorandum. The rate values contemplated, if lawful, require additional study and refinement, as do the terms of service including the REC acquisition/retirement program.

- **Rebate Portfolio, Original Sheet No. 160 et seq.:** The budgets proposed by Evergy Missouri West and Evergy Missouri East in this proceeding are not reasonable in size, and additional work is needed to refine the parameters of each program that may be authorized to – among other things – reduce free ridership, avoid load building, and optimize customer behaviors to avoid the need for additional distribution, transmission, or generation capacity or assets.
- Evergy requests the Commission authorize it to use a deferral accounting mechanism to track pilot program costs (incentive rebates and other program costs such as customer education and program administration) to a regulatory asset for recovery of prudently incurred costs for inclusion in rates in future rate cases through expense amortization over a period of 5 years. Since Staff is recommending to reject the Applications of Evergy Missouri Metro and Evergy Missouri West, establishing a regulatory asset is premature. If the Commission approves Evergy’s proposal to defer the program costs, the recovery of these costs and the amortization period for these costs should be determined in a future rate case.
- Evergy is planning to spend \$2.8 million to expand its Clean Charge Network along highway corridors, streetlights in the City of Kansas City, and to support transportation network companies. In this case, Evergy requested the Commission find the decision to expand its CCN network prudent. Pre-approval of decisional prudence is inconsistent with tariff applications. The Commission may make a determination of the prudence of a decision when determining whether to grant a Certificate of Convenience and Necessity. Evergy in this case has not applied nor included the applicable filing requirements for a Certificate of Convenience and Necessity. Evergy indicates the expansion of the Clean Charge Network would be within its service territories, therefore, Staff does not consider the expansion an asset as defined in 20 CSR 4240-20.045.
- Regarding the requested variance, Staff agrees that to the extent the Commission may authorize a utility to take actions that are inconsistent with governing rules, that the Commission must, with good cause, include any applicable variances in its order or prior to its order authorizing such actions.

Staff Recommendation

Due to the reasons stated above, Staff recommends the Commission either enter an order rejecting the Applications of the Evergy Missouri Metro and Evergy Missouri West, or directing the parties to develop and submit a proposed procedural schedule that includes adequate time for full stakeholder participation in refinement of the request. Such schedule may include filing of supplemental direct testimony by the Evergy affiliates to incorporate changes as suggested by stakeholders that it finds agreeable.

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OFFICIAL CASE FILE MEMORANDUM

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Evergy Metro and Evergy West are not delinquent in payment of the respective assessments or filing the Annual Report. Staff is not aware that of any other filing impacting this matter.

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OF THE STATE OF MISSOURI

In the Matter of the Application of Evergy)
Metro, Inc. d/b/a Evergy Missouri Metro for) **Case No. ET-2021-0151**
Approval of a Transportation Electrification)
Portfolio)

In the Matter of the Application of Evergy)
Missouri West, Inc. d/b/a Evergy Missouri) **Case No. ET-2021-0269**
West for Approval of a Transportation)
Electrification Portfolio)

**AFFIDAVIT OF KIMBERLY K. BOLIN, CLAIRE M. EUBANKS, PE,
SARAH L.K. LANGE AND BYRON M. MURRAY**

STATE OF MISSOURI)
) ss.
COUNTY OF COLE)

COME NOW Kimberly K. Bolin, Claire M. Eubanks, PE, Sarah L.K. Lange and Byron M. Murray, and on their oath declare that they are of sound mind and lawful age; that they contributed to the foregoing *Staff Recommendation in Memorandum form*; and that the same is true and correct according to their best knowledge and belief, under penalty of perjury.

Further the Affiants sayeth not.

/s/ Kimberly K. Bolin
Kimberly K. Bolin

/s/ Claire M. Eubanks, PE
Claire M. Eubanks, PE

/s/ Sarah L.K. Lange
Sarah L.K. Lange

/s/ Byron M. Murray
Byron M. Murray