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 Transportation Electrification Program	)	**File No. ET-2021-0151**
In the Matter of the Application of Evergy Missouri West, Inc. d/b/a Evergy Missouri West for Approval of a Transportation Electrification Program	)	**File No. ET-2021-0269**

INITIAL BRIEF

COMES NOW the Staff of the Missouri Public Service Commission, by and through counsel, and for its *Initial Brief,* states herein as follows:

Introduction

On February 24, 2021, Evergy Metro, Inc d/b/a Evergy Missouri Metro ("Metro") and Evergy Missouri West, Inc. d/b/a Evergy Missouri West ("West") (collectively, "Evergy" or "the Company") 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" (CCN) ("Application").[1] Evergy's application includes requests for business and public transit Electric Vehicle (EV) charging tariffs, rebates for commercial and residential EV charger outlet installations, and an increase in the cap on charging stations under the previously established CCN.[2] Evergy also 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

[1] Ex. 1, *Evergy Transportation Electrification Portfolio Report*, p. 32.
[2] *Id.* p. 34.

education and administrative costs, for a total of requests a regulatory asset to capture the $15.6 million in combined Company expenses, approximately $9.5 million for Metro and $6.1 million for West.[3]

Briefly described, the proposed portfolio consists of the following:

- **Business EV Charging Service, Original Sheet No. 158:** This tariff establishes a rate for the sale of electricity, "To any non-residential customer using electric service for the exclusive use of charging electric vehicles." An option under this service includes a REC acquisition/retirement program.[4]
- **Electric Transit Service, Original Sheet No. 159:** This tariff establishes a rate for the sale of electricity, "To 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.[5]
- **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."[6]
    - **Residential Customer EV Outlet Rebate, Original Sheet 160.3:** "The Program provides a rebate for the installation of a dedicated 240V, 40 amp

[3] Ex. 3, *Evergy Transportation Electrification Portfolio Filing Report*, p. 31.
[4] Ex. 3, *Evergy Transportation Electrification Portfolio Filing Report*, Appendix A.
[5] ***Id***.
[6] *Id*.

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."[7]

  - **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."[8]
  - **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."[9]

- **"**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."[10]

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[7] *Id*.
[8] *Id*.
[9] *Id*.
[10] *Id*. at p.33.

The budget proposed by the Evergy affiliates for these activities is summarized below:[11],[12]

	Metro	West	Total
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

To more orderly structure its argument, Staff's brief will list the issues before the Commission, with a brief statement summarizing Staff's position on each issue. This will be followed by lengthier arguments more broadly regarding 1) all programs, 2) rebates programs, and the 3) CCN expansion.

Summary of Contested Issues

1. Should the Commission approve Evergy's proposed Residential Customer EV Outlet Rebate Program?

   No. Staff cannot recommend approval of this program as a reasonable use of ratepayer funds. It has no protections against free ridership, and no requirement for participation in managed charging. . Without managed charging, customers may cause wholesale energy cost increases, and may cause capacity costs increases. Evergy has not provided any evidence of what education or marketing will cause customers to charge off peak, nor have they shown how the $500 subsidy is necessary to deliver that education or marketing.[13]

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[11] 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.
[12] Table 1 taken from page 2 of Staff Exhibit 100, *Staff Rebuttal Report*.

[13] See Staff Report, pages 5 – 15.

a. If the Commission approves Evergy's proposed Residential Customer EV Outlet Rebate Program, should the Commission require that participants also sign up for the Company's existing whole house, opt-in TOU rate?

Yes. If EV charging load is not managed it will likely occur during expensive peak hours and energy costs borne by all customers can be expected to increase.[14]

b. If the Commission approves Evergy's proposed Residential Customer EV Outlet Rebate Program, should the Commission modify the program consistent with ChargePoint's recommendations?

Yes. Although Staff has grave concerns with Evergy's Application and does not recommend approval, even with modifications currently proposed, if the Residential Customer EV Outlet Rebate Program ("Res EV Rebate") is approved, then requiring an actual purchase of an EV charging station over simply requiring an outlet that may or may not be used for a charging station is an improvement.[15]

2. Should the Commission approve Evergy's proposed Residential Developer EV Outlet Rebate Program?

No. To be eligible for this rebate, the builder only has to provide proof the outlet was installed, with no restriction on the outlet's placement or use. There is no tariff requirement for Evergy's intended eventual "education" component to reach the future homeowners – who may or may not own an

[14] See Staff Report, pages 7-12.
[15] Tr. Vol. 3, p. 492:2-493:8.

EV and who may or may not pursue installation of a Level 2 charger of any particular demand capability- and there is not a tariff requirement that the future homeowners even know the plug was installed as a result of the subsidy. [16]

3. Should the Commission approve Evergy's proposed Commercial EV Charger Rebate Program?

No. Evergy does not model Level 2 charging in excess of 6.6 kW or provide details concerning the kW assumptions for DCFC, including whether or not assumed demands reflected single DCFC chargers or paired chargers. The distribution facilities needed to accommodate 350 kW run in the tens of thousands to hundreds of thousands of dollars. These costs are not included in Evergy's stated budget or considered in its economic analysis. The budgets proposed 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.[17]

a. If the Commission approves Evergy's proposed Commercial EV Charger Rebate Program, should the Commission modify the program consistent with ChargePoint's recommendations?

No. Although Staff does not recommend approval of the program, collected data can be used in future rate cases to better

[16] See Staff report, pages 5, 16.
[17] See Staff Report at pages 16-19.

inform load shapes and build class rates, so this tiny modicum of value should be retained.[18]

b. If the Commission approves Evergy's proposed Commercial EV Charger Rebate Program, should the Commission require that 20 percent of Commercial Rebates be reserved for multi-family locations?

Staff takes no position at this time.

c. If the Commission approves Evergy's proposed Commercial EV Charger Rebate Program, should the Commission order rebate incentive amounts be capped on a percentage basis to not exceed 20% of the total costs for a charger station?

Yes. Although Staff does not recommend approval of this program, if the Commission approves it, an 80/20 split to reduce free ridership should be ordered.

4. Should the Commission approve Evergy's proposed Electric Transit Service Rate?

No. Evergy asserts that the rates it proposed for the Electric Transit Service (ETS) tariffs are "revenue neutral." It is not reasonable to develop a rate schedule based on applying assumed revenue levels from a given size of customer to customers of significantly different sizes, let alone to do so in the absence of billing determinants, cost of service data, and other vital information determined only in the context of a general rate proceeding.[19]

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[18] Tr. Vol. 3, 511:14.

[19] See Staff Report at pages 2-5.

a. Is it lawful for the Commission to approve a rate for this new service outside of a general rate case?

No. The foundation on which just and reasonable rates are built upon is evidence that considers all relevant factors.[20] Unless authorized by statute, single issue ratemaking is prohibited.[21] Without the context of a general rate proceeding, where factors like billing determinants, plant balances, return of equity, and expenses, among others, are considered, it is improbable that rates will be designed to accurately reflect the cost of service.[22]

b. Is it lawful for the Commission to approve a rate for this new rate at this time given the Company has elected PISA?

The rate moratorium under PISA is a period of three years. After this time, approximately January 2022 for Evergy, new rates or changes in rates can be accomplished through a general rate proceeding.[23]

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[20] 393.270.
[21] State ex rel. Util. Consumers' Council of Missouri, Inc. v. Pub. Serv. Comm'n, 585 S.W.2d 41 (Mo. 1979).
[22] ***State ex rel. Utility Consumers Council of Missouri, Inc. v. Public Service Commission,*** 585 S.W.2d 41, 49 (Mo. banc 1979) ("Even under the file and suspend method, by which a utility's rates may be increased without requirement of a public hearing, the commission must of course consider all relevant factors including all operating expenses and the utility's rate of return, in determining that no hearing is required and that the filed rate should not be suspended.").
[23] **393.1655(2) RSMo.**

c. If the Commission does approve the new rate, should the Company use the revenue received from the rate schedule to offset the costs Evergy is requesting to defer to a regulatory asset account?

Yes.

5. Should the Commission approve Evergy's proposed Business EV Charging Service Rate?

No, for the same reasons described above in response to question 4.

a. Is it lawful for the Commission to approve a rate for this new service outside of a general rate case?

See response to Issue 4(a).

b. Is it lawful for the Commission to approve a rate for this new rate at this time given the Company has elected PISA?

See response to Issue 4(b).

c. If the Commission does approve the new rate, should the Company use the revenue received from the rate schedule to offset the costs Evergy is requesting to defer to a regulatory asset account?

Yes.

6. Should the Commission approve Evergy's proposed cap increase for the Clean Charge Network Expansion?

Only as provided below.

a. Should the Commission approve Evergy's request to expand its CCN along the highway corridors?

No. [24] Evergy's plans to expand the CCN along highway corridors and to support transportation network companies is premature. For the highway corridor project, Evergy has presented only a general framework of where the highway corridor stations would be sited.[25]

b. Should the Commission approve Evergy's request to partner with the Metropolitan Energy Center and the City of Kansas City, Missouri to pilot streetlight charging installations in the city's right of way?

Staff does not oppose this request.[26]

c. Should the Commission approve Evergy's request to utilize some of the charging stations under the cap towards use by transportation network companies ("TNCs")/rideshare companies?

No. At this time, Evergy has not identified locations for rideshare chargers or partnership opportunities. Additionally, Evergy has not presented even a general framework for how such a partnership would be structured.[27] The evidence from currently installed stations also does not justify an expansion, as the revenues from the existing stations do not cover the cost of service for the Clean Charge Network.[28]

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[24] See Staff Report pages 27-28.
[25] See Report, page 31.
[26] See Staff Report pages 26-27.
[27] See Staff Report, page 27.
[28] See Staff Report, page 23.

d. Should the Commission approve Evergy's request that the Commission find that the limited and targeted CCN expansion plans Evergy has proposed in this filing are prudent from a decisional perspective?

In this case, Evergy requested the Commission find the decision to expand its Clean Charge 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, which Evergy has not applied for nor met the applicable filing requirements. Nor has Evergy has provided sufficient evidence in this case to support the full CCN expansion and related requested programs.

Staff recommends the Commission revise the current cap for Metro to 450 stations to support the KC Streetlight Corridor Pilot ("Streetlight Pilot"). The estimated budget for this pilot program is $0.8 million. The pilot program goals are well defined, Evergy's contribution is limited to make-ready infrastructure, and market demand modeling was used to inform initial site screening.[29]

e. Should the Commission direct Evergy to allow site hosts at new CCN sites to choose the EV charging hardware and network service provider and to set the prices paid by drivers?

[29] See Staff Report, page 30-31.

No. Ultimately, Charge Point's witness Mr. Wilson is recommending the site hosts select the charging hardware that will be owned, operated, and maintained by Evergy. Site hosts have the flexibility to work with Evergy within the parameters set forth in the Commission approved tariff to host competitive providers, or own and operate their own stations.[30]

7. Should the Commission approve Evergy's proposed Customer Education and Program Administration proposal?

No. There is no concrete proposal to address at this time, and Staff recommends rejection of program components aside from the Streetlighting partnership. The content, goal, and distribution methods of that "education," has not been developed as part of the Company's proposed Application, and the relationship between a customer's completion of the "education," and the receipt of the subsidy has not been established.[31]

8. Should the Commission approve Evergy's proposal to administer the new pilot rebate programs over a five-year period, beginning in the first quarter of 2022 and concluding in the first quarter of 2027, including periodic reporting to the Commission and stakeholders?

No, but if the programs are approved reporting requirements should be implemented similar to those contained in the *Stipulation and Agreement* in <u>In the Matter of the Application of Union Electric Company</u>

[30] See Surrebuttal Testimony of Robin Kliethermes, page 3, lines 8-12.
[31] See Staff Report, Pages 6-7.

d/b/a Ameren Missouri for Approval of Efficient Electrification Program, File No. ET-2018-0132 ("Ameren Stipulation.").

9. Should the Commission approve Evergy's request 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?

If the Commission approves Evergy's request, Staff is not opposed to the creation of a deferral mechanism for the costs. The costs included in the deferral mechanism would then be evaluated for prudency in a future rate case.

a. Should the Commission approve the requested 5-year amortization timeframe requested as part of this case?

No. Determination of the amortization period for the deferred cost should be determined in a future rate proceeding. The determination of an amortization period is a ratemaking decision and ratemaking decisions should be made based on all the relevant factors, including prudency of the costs and expenses. [32]

10. Should the Commission approve Evergy's requests for 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?

[32] *See* Ex. 100, *Staff Rebuttal Report*, pages 31-32.

Only to the extent and duration necessary to effectuate any order resulting in this case.[33]

To summarize, Evergy has not provided sufficient evidence, parameters, or details regarding the vast majority of its Application.[34] Therefore, Staff recommends all requested programs, with the exception of the Streetlight Pilot, be rejected.[35] As for the Streetlight Pilot, once appropriate pilot metrics and learning objectives specific to Evergy are developed and adopted, Staff recommends approval of the Streetlight Pilot.[36] Additionally, Staff recommends the Commission order Evergy to file a report regarding the pilot after three years.[37] The estimated budget for this pilot program is $800,000.[38]

Evergy's Application is fundamentally flawed, lacking details and defined parameters, and based on unreasonable assumptions.

Evergy's Application lacks details and parameters on how programs are structured.

Evergy tries to justify its Application on the premise that more EVs are good.[39] However, details on how exactly each program is to promote increased adoption, benefit all customers, and limit free ridership and increased costs for nonparticipants are sparse.[40] Staff witness Sarah Lange explained that Staff tried to resolve these concerns regarding the lack of details throughout the technical conferences, to no avail.[41] Yet even in surrebuttal testimony and during the hearing, many ideas and "guiderails" vital for

[33] *Id.* at p. 32.
[34] *See generally*, Ex.100 *Staff Rebuttal Report*.
[35] *Id*. at p. 1.
[36] *Id*.
[37] *Id.*
[38] *Id.*
[39] Ex. 1 – *Evergy Transportation Electrification Portfolio Filing Report*, p. 4.
[40] *See generally* Exhibit 100 – Staff Rebuttal Report, p. 5, 6, 17, 23, and 27.
[41] Tr. Vol. 2, 403:23-25.

inclusion in the starting application for a reasonable program were mentioned that are nowhere to be found in the Application.[42] Examples include the details to be provided to commercial customers regarding demand response requirements,[43] including potential consequences to not participating in demand response events.[44] Even with those potential additions, the programs are still a long way off from being developed enough to move forward.[45] Another caveat about on the fly additions is the potential for stakeholder feedback not being incorporated into the programs. So even if Evergy agreed during the hearing to share education materials, customer contracts, or demand response program parameters,[46] if disputes or disagreements occur, unless that party brings the dispute in front of the Commission,[47] there is no way to ensure feedback is incorporated. However, it would call for a separate hearing, or perhaps a new case filing. During this time, programs would be operating under the disputed terms with no way to claw-back any potential harm.

Evergy's programs are rife with free ridership potential due to the inevitable shift in the industry.

In the simplest terms, a free rider is an actor who would undertake the action, regardless of the existence of the offered incentive.[48] The goal is to minimize free ridership, so only those who would not have taken an action without the incentive receive

[42] *Id*. at 404:1-4.
[43] Tr. Vol. 1, 168:20-170:5.
[44] *Id*. at 181:10-182:5.
[45] Tr. Vol. 2, 404:1-11.
[46] *Id*. at 232:7-16.
[47] *Id*. at 239:18-23.
[48] Tr. Vol. 3, 560:14-17.

the rebates.[49] Minimizing free ridership helps spur new adoption, above the baseline of people who would have done it anyway.

Evergy itself, perhaps inadvertently, highlights the risk of free ridership several times. Evergy witness Charles Caisley stated at hearing, “ultimate adoption is going to occur regardless of whether there’s a Clean Charge Network or whether Evergy has programs for customers. I don’t think that’s in debate at least not as far as I am concerned.”[50] And with announcements like those from the Alliance for Automobile Innovation that up to $250 billion in EV would be invested through 2023 by automakers,[51] by sheer investment size adoption of EVs will occur. If Ford will have 40% of its vehicles electric by 2030 driven by $29 billion in investment, and GM plans to be 100% by 2035, it is not necessary to require captive ratepayers to circumvent the free market to fund the transition.[52] Even if this Application is denied, it would not impact Deloitte’s estimate of a 30% annual growth rate moving forward.[53] Nor the estimate from Ernst and Young that global EV sales are estimated to reach the majority status by 2036.[54]

Not only is it not necessary for captive ratepayers to fund this transition, there is little evidence to link adoption rates with ratepayers spend. As the Office of Public Counsel (OPC) witness Dr. Geoff Marke notes, even the National Academy of Science states there is no strong conclusion to be drawn between EV adoption and EV charging stations.[55] This is because, as noted in the Idaho National Lab Study, the vast majority of charging

[49] *__Id__.* at 18-20.
[50] Tr. Vol. 1, 94:2-5.
[51] *__Id__*. at 126:1-5.
[52] *__Id__*. at 125:16-24.
[53] Tr. Vol.2, at 244:14-16.
[54] *__Id__*. at 243:24-244:2.
[55] Tr. Vol. 3, at 610:1-5.

is done at home and work.[56] This study, based on large amount of EV charging data, found that a ubiquitous charging station network is not necessary.[57] Missouri has been able to confirm this result, based on the disuse of the CCN after five years.[58] Nowhere in its Application does Evergy definitely link a specific number of EVs adopted because of the CCN.[59]

Evergy relies on unreasonable or unsupported assumptions to support its Application.

Evergy relies upon unsupported, and at times, unreasonable calculations to justify its Application.[60] For its Res EV Rebate, customers who install a Level 2 Charger may choose one capable of delivery of energy far in excess of the 6.6 kW cap assumed in Evergy's modeling, if they install a Level 2 Charger at all.[61] Customers may cause wholesale energy cost increases, and may cause capacity costs increases, which are not included in Evergy's calculations.[62] Evergy has not provided any evidence of what education or marketing will cause customers to participate in "Managed" charging to would avoid these cost increases.[63] Nor have they shown how the $500 subsidy is necessary to deliver that education or marketing to customers who may participate in "Managed" charging.[64] Evergy assumes participating customers will lower their bills, thus

[56] *Id*. at 526:4-13.
[57] *Id*. at 18-24.
[58] *Id*.
[59] *See generally* Exhibit 1 – Evergy Transportation Electrification Portfolio Filing Report, Tr. Vol. 2, at 298:1-4.
[60] *See generally* Exhibit 100 – Staff Rebuttal Report.
[61] *Id*. at p. 5-7.
[62] *Id*. at p. 9-15.
[63] *Id*. at p. 6-11.
[64] *Id*. at p. 6-7.

decreasing their contributions to retail revenue, which, if true, increases costs that must be passed to other non-participating customers, on top of the costs of the programs.[65]

For its Commercial EV Charger Rebate program ("Commercial Rebate"), Evergy does not model Level 2 charging in excess of 6.6 kW or provide details concerning the kW assumptions for DCFC, including whether or not assumed demands reflected single DCFC chargers or paired chargers.[66] The distribution facilities needed to accommodate 350 kW run in the tens of thousands to hundreds of thousands of dollars.[67] These costs are not included in Evergy's stated budget or considered in its economic analysis. For example, if monthly peak loads increase, Evergy's SPP 11 fees increase.[68]

For the development of the rates for Business Electric Vehicle Charging Service (BEVCS) and ETS tariff sheets, Evergy makes a number of unsubstantiated assumptions.[69] Evergy asserts that the rates it proposed for the BEVCS and ETS tariffs are "revenue neutral."[70] Evergy's interpretation means the addition of a customer on the BEVCS and ETS rate tariffs would have approximately the same revenue impact as a new LGS customer coming onto the LGS rate schedule, assuming the LGS customer has a class average load factor.[71] However, these are not reasonable assumptions.[72] The Company has calculated the rate values using the assumptions that an EV charging station is similar to that of an LGS customer and will cause no additional transmission

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[65] *Id*. at p. 10-15.
[66] *Id*. at p. 17.
[67] *Id*. at p. 16.
[68] Tr. Vol. 1, at 206:14-17.
[69] Exhibit 100 – Staff Rebuttal Report, p. 3-4.
[70] *Id*.
[71] *Id*.
[72] *Id*.

and capacity costs.[73] For example, the minimum demand to be served on the LGS rate schedule is 150 kW, yet, an L2 EV charging station may be anywhere from 3.8 – 19.2 kW and DCFC station may be anywhere from 50-350 kW.[74] Depending on the number and type of charging station installed, a customer may have the equivalent demand requirements of a Small General Service customer or a Large Power customer rather than a Large General Service customer.[75] It is not reasonable to develop a rate schedule based on applying assumed revenue levels from a given size of customer to customers of significantly different sizes, let alone to do so in the absence of billing determinants, cost of service data, and other vital information determined only in the context of a general rate proceeding.[76]

These unreasonable assumptions can significantly underestimate the actual costs caused by the programs. So Evergy's claims that this Application will only cause a $1-2 dollar increase for a customer a year[77] is not reliable as a result of these unreasonable and erroneous assumptions.[78] Even if one was to accept Evergy's unsubstantiated assumptions, Evergy's calculations do not include the about $14.1 million investment in the existing CCN.[79] That $14.1 estimate is a low figure as well, since it does not include ongoing operation and maintenance costs (O&M).[80] Thus, at the low end, the total figure is at least $29 million, around double the figure Evergy uses in its calculations.[81]

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[73] *Id*.
[74] *Id*.
[75] *Id*.
[76] *Id*.
[77] Exhibit 4 – Surrebuttal Testimony of Darrin R. Ives, p. 19.
[78] Tr. Vol. 2, at 396:12-18.
[79] Tr. Vol. 3, at 489:2-9.
[80] *Id*.
[81] *Id*. at l.10-11.

Another unsupported justification Evergy uses for the program is the relationship between adoption rates and the Application and benefits to all customers. At the outset, as Staff notes in its *Staff Rebuttal Report*, not all of the programs are developed with the goal of increasing adoption.

> Through the technical conferences, Staff came to understand that Evergy's position for the proposed "Residential Customer EV Outlet Rebate" and "Residential Developer EV Outlet Rebate" programs is that there are currently customers who own EVs who do not use Level 2 charging, and that these customers are consuming approximately 10% more energy than is necessary and are not charging at times that are most beneficial to the grid and other Evergy customers.[82]

Therefore, Evergy is not aiming for incremental increases in the number of EVs owned in its service territory via its rebate programs, although Evergy opens its Application with the claim, "increased EV adoption results in a net benefit for all Evergy customers, not just EV drivers."[83] It should be noted the analysis performed by ICF is not a true cost-effectiveness test.

> Further, the analysis does not seek to model the potential impacts of a single program, but rather the costs and benefits that may result from increased EV adoption. It is very difficult to attribute direct program impacts on the EV market as there are numerous complex factors that go into car buying and charging decisions. ICF's methodology is similar to the analyses other utilities have applied to model the impacts of TE, with a focus on the customer benefit.[84]

So ICF's study does not compare the costs, benefits, and impacts of the entire Application, or even a single program. The focus is singularly on touting benefits to the system, without evidence of the causal relationship between the benefits and the

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[82] See Appendix A, "Education Slides from MPSC Conference 3." Slide 15, "062121 Meeting Guide – MPSC Tech Conference 3.pdf" attached to Exhibit 100 – Staff Rebuttal Report.
[83] Exhibit 1 – Evergy Transportation Electrification Portfolio Filing Report, p. 4.
[84] *Id*. at 21.

programs, and overall adoption rates.[85] OPC witness Dr. Marke describes the ICF method as "this is what would happen if there were a lot of EV cars adopted. It would be good for the utility as a whole."[86] He goes on to state the issues with the study. "There was no cost-effective study on the program, on the portfolio, on the case at hand….Whether or not an EV charging station is the right answer…that is the big problem here, is that we don't presuppose that having more EV charging stations is going to induce more electric cars."[87] He concludes that there's more evidence to support that affordability of rates has a larger impact on EV adoption than number of utility owned charging stations, judging by the natural control group of Kansas City and St. Louis.[88]

By natural control group, Staff is referring to the adoption rates of EVs in Kansas City and other counties served by Evergy, and the adoption rates of the greater St. Louis area, served by Union Electric Company d/b/a Ameren Missouri ("Ameren Missouri"). Evergy has more investment in charging station infrastructure, but only a total of 1,412 EVs.[89] Ameren Missouri has 3,681 EVs, just looking at the greater St. Louis area and not including the remaining counties served.[90] Although Evergy at hearing claimed 3,659 EVs, this figure is not from any state agency.[91] That number was not in the Application, nor was the EPRI study cited.[92] It should also be noted that EPRI is a group in which, for a fee, utilities can join.[93] The EPRI study has not been

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[86] Tr. Vol. 3, at 525:3-5.
[87] *Id*. at 10-16.
[88] *Id*. at 17-19.
[89] Ex. 204 Dr. Marke's errata sheet.
[90] Ex. 200 Rebuttal Testimony of Dr. Geoff Marke, p. 10.
[91] Tr. Vol.3, at 520:16-521:7.
[92] *Id*. at 521:1-12.
[93] *Id*. at 522:3-6.

updated for current assumptions, nor could any utility witness explain the exact methodology of the study.[94] It appears that the study also counts transit EVs moving through the service territory in the adoption rate, which would inflate the results.[95] The empirical data of registered vehicles is much more reasonable to rely on.[96] Aside from the adoption numbers, EPRI's load shapes are also not reasonable to rely on.[97] The load shapes assume managed charging, but without time of use (tou) rates, there is no incentive for customers to manage charging to avoid on peak charging.[98]

Other attempts to explain the disparity fall flat. Claims of tax subsidies for other states[99] seems illogical to explain differences, as residents in Missouri would not be eligible for any other states' subsidies.[100] It also appears the tax subsidy referenced was also not passed until September 2021, which could not have impacted adoption rate meaningfully.[101]

<u>The Rebate Programs are flawed, with no parameters to mitigate cost increases or program success.</u>

Without tou, charging will be unmanaged and add additional system costs to the detriment of all customers.

Staff summarizes the outcome of the rebate programs in its *Staff Rebuttal Report* as follows:

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[94] *<u>Id</u>*. 18-24.
[95] *<u>Id</u>*. at 523:1-3.
[96] *<u>Id</u>*. at 5-6.
[97] Tr. Vol. 3, at 524:20-22.
[98] Exhibit 100 – Staff Rebuttal Report, p. 8-15.
[99] Tr. Vol. 1, at 121:23-122:7.
[100] Tr. Vol. 1, at 129:23-25.
[101] Tr. Vol. 3, at 524:4-9.

> In summary, before even looking at potential capacity cost increases, and free-ridership impacts, Evergy is requesting to give certain customers $500, with the possibility of reducing revenue by around $20 a year, and in a best-case scenario, reducing the wholesale energy costs passed through the FAC by around $20, to maybe breakeven, but without any requirement that the customer takes action to result in that wholesale cost decrease or that the customer absorbs the cost of that wholesale cost increase.[102]

Sierra Club's witness Mr. Baumhefner stated at hearing:

> It's been done over and over again and as I note in my testimony people are people and cars are cars and it's pretty clear from the countless programs at this that those who are not on time of use rates will not charge during off-peak hours. They'll charge as soon as…they get home. And I would do the same if I had no reason to do otherwise. But those customers who are given a reason to charge during off-peak hours will.
>
> And I do cite some real-world evidence in my testimony to respect of contrasting load profiles in the Dallas-Fort Worth area with those in San Diego where it's clear that in Dallas, EV customers are, you know, charging around 6:00 p.m., when they get home from work and pretty much done charging a little after midnight. Whereas, EV customers in Sand Diego gas and electric service territory who are required to take service on a time of use rate as a condition receiving a free Level 2 charging station, charge almost exclusively after midnight when the grid is significantly underutilized and there's plenty to bear capacity.[103]

Mr. Baumhefner further testified that during the entirety of his 11 year career at NRDC, he had been working on transportation electrification (TE) projects, and that tou rates for EV load management are considered an industry best practice.[104]

Evergy witness Mr. Darrin Ives referred to the demand response requirements for the Commercial Rebates as the price of admission,[105] which is also an excellent way to think of a tou requirement for Res Rebates. Evergy even agrees tou for EVs is a good action they want to customers to do.[106] Taking it a step further, by tying receipt of the

[102] Exhibit 100 – Staff Rebuttal Report, p. 12.
[103] Tr. Vol 2, at 33:19-333:12.
[104] *Id*. at 334:22-335:7.
[105] *Id*. at 272:21-25.
[106] Tr. Vol. 1, at 108:4-7.

rebate to a requirement meant to mitigate costs to non-rebate recipients is appropriate. Evergy claims its goal is to manage load, why not mandate the one thing that is most likely to accomplish that? The Company states its hesitation towards mandatory tou, but does indicate it would still go through with the rebate with tou requirements.[107] It should be noted that Staff has been supportive of mandatory time of use rates, in this particular case it can be distinguished between mandatory tou and tou requirements in exchange for receiving a voluntary incentive. Nor does mandating tou participating for the rebate impact a customer's decision to purchase an EV, only to participate in the rebate program. However, Staff still urges the Commission to deny the program, as stand-alone tou rates implemented as part of a general rate case proceeding would accomplish the load management goal at zero cost to other customers.[108]

The Rebates have ill-defined parameters and program terms.

The Rebate programs have very few details on how the process works and what term and conditions apply to customers. Evergy witness Mr. Voris admits that the terms and conditions for the Res Rebate program he discussed had not been included in the Application filed in this case, and the Commission is not been asked to review or approve those terms and conditions.[109] For the Commercial Rebate, no parameters exist for the demand response expectations. For instance, if the recipient receives a rebate, but opts out of every demand response event, depriving all customers of benefits, there is no final design on how to recoup the rebate or handle the customer's refusal.[110] For the

[107] *Id*. at 102:1-6.
[108] Tr. Vol. 3, at 586:17-22.
[109] Tr. Vol. 1, at 196:15-25.
[110] Tr. Vol. 2, at 293:22-294:9.

developer rebate, there is nothing in the tariff or Application to make sure an installed plug is going into an EV at all, let alone a new EV to produce to incremental benefits of increased EV adoption.[111]

Meaningful details about the education Evergy claims will drive managed charging do not exist. Staff requested this information and was told it will be developed.[112] This can be evidenced by Evergy witness Mr. Voris stating "The kind of the nuts and bolts, kind of the logistical details associated with those programs are --they don't completely fall into place until after we kind of understand the guardrails, constraints and things like that."[113] Therefore, as Staff witness Sarah Lange stated, "you know, to evaluate whether I think… a technique is likely to succeed without knowing what that technique is, is not something I'm capable of doing in a way that I can provide a recommendation to the Commission."[114]

<u>The CCN program has been unsuccessful, has not covered its cost of service, and is currently mostly stranded assets. Outside of the Streetlight Pilot, requests to increase the CCN cap should be denied.</u>

Evergy currently has approximately 900 charging stations in its service territories.[115] These stations have never covered their cost of service, and average annual cost of service shortfalls of approximately $700,000 for West and $1,000,000 for Metro.[116] Evergy seemingly admits this failure as well, stating at several points that "this is probably not a network or a subsidy that our shareholders are …willing to pay forever. And so we

[111] Tr. Vol. 3, at 597:3-12.
[112] Tr. Vol. 2, at 381:9-15.
[113] Tr. Vol. 1, at 178:4-7.
[114] Tr. Vol. 2, at 381:16-20.
[115] Ex. 200 Rebuttal Testimony of Dr. Geoff Marke, p. 18.
[116] Exhibit 100 – Staff Rebuttal Report, p. 21.

would look for other alternative ways to operate that system and/or to make that available and recoup some of those costs,"[117] and "we have more shareholder risk and more shareholder subsidy in the original Clean Charge Network."[118]

Currently the network is not being utilized, making it a stranded asset.[119] Revenues are not covering annual upkeep or overall total cost, and probably never will.[120] A huge issue is that most chargers are slow chargers, which are effectively obsolete technology.[121]

The CCN expansion is also vaguely planned, with missing details such as locations and potential cost considerations.

Staff noted in its *Staff Rebuttal Report* that Evergy's expansion included locations outside of its service territory.[122] Evergy's proposed budget also does not cover the entirety of the requested expansion, only 78 of the 150 stations.[123] Staff provided a potential cost range for the remaining 72 stations, which may be $2.2 million to $4.9 million in additional costs,[124] not including distribution upgrades since locations are not known.[125] As for the rideshare portions of the CCN, no details were provided on where these would be located, if they were only for rideshare company use, or if there were any rideshare companies that expressed interest.[126] Without necessary details, Staff cannot recommend approval of a program, especially one with such a poor track record.

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117 Tr. Vol. 1, at 89:21-25.
118 *Id*. at 120:6-11.
119 Tr. Vol. 3, at 531:1-4.
120 *Id*. at 4-8.
121 *Id*. at 9-11.
122 Exhibit 100 – Staff Rebuttal Report, p. 25.
123 *Id*. at p.24.
124 *Id*. at p. 29.
125 Tr. Vol. 3, at 459:17-18.
126 *Id*. at 465:2-16.

Conclusion

To summarize, Staff recommends rejection of Evergy's Application, except Staff does recommend the Streetlight Pilot be approved, conditioned on appropriate learning objectives being developed. At its outset, Evergy's application was inappropriate and unlawful. Rates are not to be changed outside of a rate case, unless explicitly authorized. Statute 393.270 requires all relevant factors to be considered as the foundation for just and reasonable rates. As the Courts have long held since the decision State ex rel. Util. Consumers' Council of Missouri, Inc. v. Pub. Serv. Comm'n, 585 S.W.2d 41 (Mo. 1979), unless authorized by statute, single issue ratemaking is prohibited. Without the context of a general rate proceeding, where factors like billing determinants, plant balances, return of equity, and expenses, among others, are considered, it is improbable that rates will be designed to accurately reflect the cost of service.

Furthermore, as explained above and more fully in *Staff Rebuttal Report*, Evergy's application is premised on expectations and assumptions that are not reasonable to make. Each faulty assumption has the impact of either overstating the benefits or understating the costs. Evergy assumes that a station will have the same revenue impact of a new LGS customer with an average load factor. Depending on the number and type of charging station installed, a customer may have the equivalent demand requirements of a Small General Service customer or a Large Power customer rather than a Large General Service customer. Not only does this variation impact the level of revenue assumed, it also impacts the infrastructure requirements to support the chargers. Evergy assumes that there will be no transmission and capacity upgrades, which is also absurd.

Evergy also assumes in its outlet rebate program that its existence creates positive energy efficiency gains of 10%. Evergy also assumes that customers will change their charging behavior without load management or tou requirements, and such switching to off peak charging is beneficial to all customers. However, it is not reasonable to assume customers will charge off peak if there is no load management or time of use requirements. As outlined by Staff witness Sarah Lange in *Staff Rebuttal Report* and at hearing, unmanaged charging results in participants causing more wholesale costs, but using less energy, therefore participants receive the lower bill, and nonparticipants have to cover the increased wholesale costs over fewer billing determinants. Even in the best case scenario, which disregards potential capacity cost increases, and free-ridership impacts, Evergy is requesting to give certain customers $500, with the possibility of reducing revenue by around $20 a year, and in a best-case scenario, reducing the wholesale energy costs passed through the FAC by around $20, only to be in the same position it would have been it without the rebate programs.

Staff witnesses also noted throughout testimony and the hearing the glaring fundamental flaw with Evergy's application is the lack of requirements ensuring benefits arise. As discussed above, the rebate programs are without any requirement that the customer takes action to result in the wholesale cost decrease Evergy assumes or that the customer absorbs the cost of that wholesale cost increase, if it does not. Evergy's Res Rebate program does not require that customer receiving the rebate to purchase, install, or use an L2 charger. However, according to Evergy the program is cost justified on the improved efficiency of L2 chargers over L1. Customers choosing to install the least costly charger thus thwarts the entire purpose of the program. To be eligible for developer rebate, the builder only has to provide proof the outlet was installed, with no restriction on the outlet's placement or use. The rebate program also has no requirement that an EV or charging station is ever utilized. Again, the potential for an outcome that is not the installation of a L2 charger renders the program meaningless. Tou requirements are also missing from Evergy's application, which makes it unlikely Evergy's assumptions about benefits from shifting charging off peak will come to fruition.

The CCN expansion, aside from the Streetlight Pilot, should be rejected. Evergy has not provided sufficient evidence to justify this expansion. Many programs were presented with a general concept, but no concrete program structure or station locations. The evidence from currently installed stations also does not justify an expansion, as the revenues from the existing stations do not cover the cost of service. Evergy did not even include the entire budget necessary to complete the expansion. Similarly, Evergy's rideshare program is ill defined and outlined, with no framework, locations, or potential partners identified. Staff recommends rejection of this program. The Commission should not set a time frame for any amortization period if any regulatory tracking asset is approved in this case. Finally, variances should be granted as narrowly possible and only to the extent necessary if the Commission approves any program.

WHEREFORE, on the basis of all the foregoing, Staff prays that the Commission will resolve all contested issues as recommended herein by Staff by rejecting the Application, and grant such other and further relief as the Commission deems just in the circumstances.

Respectfully submitted,

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CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing was served upon all of the parties of record or their counsel, pursuant to the Service List maintained by the Data Center of the Missouri Public Service Commission, on this 19th day of November, 2021.

/s/ Nicole Mers