

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

In the Matter of a Working Case to Evaluate            )  
Potential Mechanisms for Facilitating                )  
Installation of Electric Vehicle Charging Stations    )       **File No. EW-2019-0229**

**COMMENTS OF THE MISSOURI DIVISION OF ENERGY IN RESPONSE TO  
*REQUEST FOR PARTY SUBMISSIONS***

**COMES NOW** the Missouri Division of Energy (“DE”) and, in response to the Missouri Public Service Commission (“Commission”) Staff’s March 6, 2019 *Request for Party Submissions* in the above-captioned matter, states as follows:

**Introduction**

DE appreciates the opportunity to provide comments in this working docket. As indicated in its February 14, 2019 order opening the docket, the Commission requested the evaluation of three potential models for deploying electric vehicle (“EV”) charging infrastructure:

- 1) A model similar to the one stipulated to by the parties and approved by the Commission in Kansas City Power & Light Company’s last rate case, where the company can own and operate the charging stations.
- 2) A “Make Ready” tariff proposal that includes an option to waive line extension charges from a customer seeking a line extension for separately metered EV charging that meets specific public policy considerations.
- 3) An alternate incentive program where program parameters, implementation, and cost recovery would be evaluated and defined in the context of a future rate proceeding.

In so doing, the Commission noted that it, "... intends that the workshop process be expedited so that all interested stakeholders can work toward finding the best solutions for developing Missouri's EV charging network as quickly as practicable." This is an important goal given the potential economic and environmental benefits that electrification of the transportation sector could provide.<sup>1</sup> The Commission Staff ("Staff") subsequently requested that parties to this case provide feedback on the treatment of a number of cost categories under a "make ready" model. DE will address both Staff's request and the other models ordered for consideration by the Commission.

### **Overview of EV Charging Policy**

The discussion around the treatment of investments in EV charging stations ("EVCSs") dates back several years. The issue was addressed in Case No. ER-2016-0285, a general rate case in which Kansas City Power & Light Company ("KCP&L") requested rate base treatment of its investments in the Clean Charge Network. The Commission rejected that request on the grounds that EVCSs did not constitute "electric plant" under Section 386.020(14), RSMo. and were thus not subject to Commission jurisdiction. The Commission also rejected a proposal by Union Electric Company d/b/a Ameren Missouri ("Ameren Missouri") to include EVCSs in rate base (Case No. ET-2016-0246) and held a working docket on EVCSs (Case No. EW-2016-0123). However, the Western District Court of Appeals reversed the Commission's decision on EVCSs in

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<sup>1</sup> See, e.g., the Surrebuttal Testimony of DE witness Mr. Martin R. Hyman in Case Nos. ER-2018-0145 and ER-2018-0146, as well as the Rebuttal Testimony of DE witness Ms. Cherylyn Kelley Case No. ET-2018-0132.

the KCP&L case and remanded the decision to the Commission.<sup>2</sup> In so doing, the Western District also stated:

Our conclusion that KCP&L's electric vehicle charging stations constitute "electric plant" within the meaning of § 386.020(14) does not leave the Commission without remedy; to the contrary, it provides a basis for the Commission to exercise its full range of regulatory authorities with respect to those stations.<sup>3</sup>

The treatment of EVCS investments by utilities can thus be addressed with the range of policy tools available to the Commission, which enables multiple possible frameworks for the deployment of EVCSs. No one model may be appropriate in every instance. DE recognizes that competition should play a role in the deployment of EVCSs; however, this recognition is tempered by the fact that EVCSs are not widely deployed in all areas. In particular, there is reason to support EVCS deployment in areas that might otherwise be underserved, e.g., rural communities, low-income areas, multifamily housing, and highway corridors. Even if customers in these areas do not purchase EVs in the immediate future, there is a need for EVCSs in such locations in order to accommodate future EV ownership by these customers (i.e., as prices for EVs decline and used EVs become available) and to support travel through these areas by other EV drivers. The number of EVs on the road nationwide is projected to reach 18.7 million by 2030, which will require approximately 9.6 million charge ports to be in

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<sup>2</sup> *In the Matter of Kansas City Power and Light Co v. Missouri P.S.C., et al*, WD 80911, 2018 WL 3730901, pages 19-20 (Mo. App. August 7, 2018).

<sup>3</sup> *Ibid*, page 19.

service.<sup>4</sup> Missouri's adoption rates are accelerating: sales of battery electric vehicles more than doubled between 2017 and 2018.<sup>5</sup> According to KCP&L witness Mr. Charles A. Caisley's Direct Testimony in Case No.s ER-2018-0145 and ER-2018-0146, electric vehicle sales growth in Kansas City surpassed that in several major cities between the fourth quarter of 2016 and the third quarter of 2017. Widespread access to EVCSs will be important as the automotive market transforms towards EVs.

DE recommends that the Commission evaluate EVCS deployment models, and utility cost recovery for EVCS investments, on a case-by-case basis. EVCS deployment by utilities may be beneficial in higher-cost areas that would not otherwise be served by a competitive market. This is consistent with an investor-owned electric utility's obligation to provide "adequate" service. Elsewhere, the "make ready" model may support the provision of adequate service. The Commission is already supporting more than one deployment model, since it has approved utility ownership of charging stations (see KCP&L's most recent rate cases) and utility incentives for EVCSs (see Case No. ET-2018-0132 regarding Ameren Missouri).

### **Response to Commission Staff's *Request for Party Submissions***

As a preliminary matter, DE would note that "subsidization," as used in Staff's *Request for Party Submissions*, may not result from a make ready model. In the context of regulated utility ratemaking, a "subsidy" can only be identified following a comparison of all costs and revenues associated with a service. The fact that one customer pays

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<sup>4</sup> The Edison Foundation Institute for Electric Innovation, 2018, *Electric Vehicle Sales Forecast and the Charging Infrastructure Required Through 2030*, [http://www.edisonfoundation.net/iei/publications/Documents/IEI\\_EEI%20EV%20Forecast%20Report\\_Nov2018.pdf](http://www.edisonfoundation.net/iei/publications/Documents/IEI_EEI%20EV%20Forecast%20Report_Nov2018.pdf).

<sup>5</sup> Alliance of Automobile Manufacturers, 2019, *Advanced Technology Vehicle Sales Dashboard*, <https://autoalliance.org/energy-environment/advanced-technology-vehicle-sales-dashboard/>.

less than another is not conclusive evidence of a subsidy. A subsidy occurs when one customer pays less than his or her own marginal cost of service while another pays more than his or her fully allocated cost of service. This is even more so the case given the judgements inherent in cost allocation methodologies and rate design, over which experts reasonably disagree.

With that said, DE responds to Staff's identified cost categories by stating that costs should be allocated to the causers of the incremental costs based on cost allocation methods consistent with those approved by the Commission for allocating other utility investments and associated expenditures. Rates should be established with consideration of the useful life of the electric plant, a reasonable ramp-up period commonly associated with the introduction of new services, and the revenues expected from the service.