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Witness: Darrin R. Ives
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Sponsoring Party: Evergy Missouri Metro and
Evergy Missouri West
Case No. ET-2021-0151 / ET-2021-0269
Date Testimony Prepared: September 13, 2021

MISSOURI PUBLIC SERVICE COMMISSION

CASE NOS.: ET-2021-0151 / ET-2021-0269

SURREBUTTAL TESTIMONY

OF

DARRIN R. IVES

ON BEHALF OF

**EVERGY METRO, INC. D/B/A EVERGY MISSOURI METRO
AND EVERGY MISSOURI WEST, INC. D/B/A EVERGY MISSOURI WEST**

**Kansas City, Missouri
September 13, 2021**

SURREBUTTAL TESTIMONY

OF

DARRIN R. IVES

Case No. ET-2021-0151/0269

1 **Q: Please state your name and business address.**

2 A: My name is Darrin R. Ives. My business address is 1200 Main, Kansas City, Missouri
3 64105.

4 **Q: By whom and in what capacity are you employed?**

5 A: I am employed by Evergy Metro, Inc. and serve as Vice President – Regulatory Affairs for
6 Evergy Metro, Inc. d/b/a Evergy Kansas Metro (“Evergy Kansas Metro”), Evergy Kansas
7 Central, Inc. and Evergy South, Inc., collectively d/b/a as Evergy Kansas Central (“Evergy
8 Kansas Central”), Evergy Metro, Inc. d/b/a as Evergy Missouri Metro (“Evergy Missouri
9 Metro”), Evergy Missouri West, Inc. d/b/a Evergy Missouri West (“Evergy Missouri
10 West”), the operating utilities of Evergy, Inc.

11 **Q: Are you the same Darrin R. Ives who supported portions of the “Evergy
12 Transportation Electrification Portfolio Filing Report” (“Report”) filed in this
13 proceeding with the Application?¹**

14 A: Yes, I am.

15 **Q: On whose behalf are you testifying?**

16 A: I am testifying on behalf of Evergy Missouri Metro and Evergy Missouri West
17 (collectively, “Evergy” or “Company”).

¹ The Report was initially filed with the Application on February 24, 2021 and updated May 7, 2021. Supplemental information was filed with the Commission on July 16, 2021.

1 **I. BACKGROUND**

2 **Q: What is the purpose of your surrebuttal testimony?**

3 A: The purpose of my testimony is to respond to certain positions presented in the rebuttal
4 testimony filed on August 16, 2021, by the following witnesses:

5 (1) Missouri Public Service Commission (“MoPSC”) Staff Witnesses

6 Sarah Lange

7 Robin Kliethermes

8 Claire Eubanks

9 Kim Bolin

10 (2) Office of the Public Counsel (“OPC”) Witness

11 Geoff Marke

12 **Q: Have you or someone with Evergy responded to every position, analysis, assertion or**
13 **conclusion proposed by other parties to this docket?**

14 A: No, we have focused our surrebuttal on the most important aspects of the testimony based
15 on our review. As such, if we have not specifically addressed any matter contained in the
16 testimony of the other parties’ witnesses, that should not be construed as agreement with
17 their position.

18 **Q: Please provide a brief overview of your surrebuttal testimony.**

19 A: My testimony will:

- 20 ▪ Respond to Staff assertions that implementing the Company’s proposed new rates
21 violates the prohibition on single-issue ratemaking, and also violates 393.1655.2
22 RSMo, which prohibits rate modifications for a period of three years for utilities
23 electing to use 393.1400’s plant in service (“PISA”) deferral accounting

- 1 ▪ Respond to analysis by Staff that asserts the Company’s proposed Commercial
2 Rebate Program would be detrimental to non-participating Evergy Metro
3 ratepayers until around the year 2030 when taking into account the estimated timing
4 of rate cases
- 5 ▪ Respond to the Staff recommendation that in the event the Commission does
6 approve new rates, the Company use the revenue received from the rate schedules
7 to offset the costs Evergy is requesting to defer to a regulatory asset account.
- 8 ▪ Respond to Staff assertions that the Company’s Electric Vehicle (“EV”) chargers
9 currently served under Schedule CCN are not generating revenues that are
10 sufficient to cover the revenue requirement caused by Schedule CCN’s
11 infrastructure and related costs
- 12 ▪ Respond to Staff and OPC recommendation against a determination of the prudence
13 of a decision for further build-out of the Clean Charge Network (“CCN”)
- 14 ▪ Respond to Staff’s recommendation that in the event a deferral mechanism for
15 program costs is granted, a determination of the amortization period for the deferred
16 costs should be determined in a future rate case, not in this proceeding
- 17 ▪ Respond to Staff’s recommendation that in the event variances are granted, that the
18 grant of variance be only as broad as is necessary, and be of limited duration
- 19 ▪ Address OPC assertions that Evergy is making it difficult for prospective buyers to
20 choose EVs if they perceive their electric bills are approaching double digit
21 increases in the near future
- 22 ▪ Clarify Evergy’s request regarding scope of approval for the CCN expansion
- 23 ▪ Discuss the procedural appropriateness of Evergy’s request.

1 **II. RESPONSE TO TESTIMONY**

2 (1) Response to Staff Witnesses

3 **Single- Issue ratemaking; PISA**

4 **Q: Do you agree with Staff’s contention that the rate schedules proposed in this filing**
5 **violate the principle of single-issue ratemaking?**

6 A: No. The Staff’s single-issue ratemaking concern is not well founded. The Company will
7 more fully address Staff’s legal issues in its brief but I do want to note that the courts and
8 Commission itself have recognized on numerous occasions that rates for new services, such
9 as the ones proposed in the Company’s filing, may be implemented outside the context of
10 a general rate case.

11 In State ex rel. Sprint Spectrum L.P. v. Missouri Public Service Com'n, 112 S.W.3d
12 20, 28–29 (Mo.App. W.D.,2003), the Missouri Court of Appeals held that the introduction
13 of rates for new services did not violate the prohibition against single-issue ratemaking
14 which would otherwise require that all relevant factors be considered in a general rate case.

15 The Western District stated:

16 The rationale behind the single-issue ratemaking prohibition is to prevent
17 the Commission from allowing a utility to “raise rates to cover increased
18 costs in one area without realizing there were counterbalancing savings in
19 another area.” *State ex rel. Midwest Gas Users' Assoc. v. Pub. Serv. Comm'n*
20 *of Mo.*, 976 S.W.2d 470, 480 (Mo.App. W.D.1998). This rationale does not
21 apply in the instant case because tariffs have never been established for the
22 rural carriers' termination of the wireless-originated traffic. Both of the
23 cases cited by the wireless companies, in support of their claim of single-
24 issue ratemaking, deal with attempts to increase or change *existing* rates. *In*
25 *the Matter of Southwestern *29 Bell's Tariff Sheets Designed to Increase*
26 *Local and Toll Operator Service Rates*, 5 Mo.PSC.3d 59 (June 21,
27 1996); *MCI Telecom Ins. Corp. v. Southwestern Bell Tel. Co.*, 6
28 Mo.P.S.C.3d 482 (1997). These cases are clearly distinguishable from the
29 subject dispute because no rates existed at the time the rural carriers filed
30 for approval of Wireless Termination Service tariffs.

1 The Commission has also recognized on numerous occasions that rates for new
2 services may be implemented outside the context of a general rate case. In Re Union
3 Electric Company d/b/a Ameren Missouri's LED Street Lighting Update and Tariff Filing,
4 2016 WL 286919, at *1 (Mo.P.S.C.,2016), the Commission stated:

5 Missouri's prohibition against single-issue ratemaking bars the Commission
6 from allowing a public utility to change an existing rate without
7 consideration of all relevant factors, such as operating expenses, revenues,
8 and rates of return.¹ OPC argues that the Commission may not lawfully
9 approve Ameren Missouri's proposed tariff sheets because those tariff
10 sheets change existing rates, which requires the consideration of all relevant
11 factors in a general rate case to avoid impermissible single-issue
12 ratemaking. OPC's assertion is incorrect. The tariff sheets do not change the
13 rates for the existing types of streetlights, but rather maintain those existing
14 rates at their current level and provide additional rates for new LED lights.
15 The rationale behind the single-issue ratemaking prohibition is to prevent
16 the Commission from allowing a utility to “raise rates to cover increased
17 costs in one area without realizing there were counterbalancing savings in
18 another area.”² This rationale does not apply in this case because Ameren
19 Missouri tariffs have never established a rate for LED streetlights, which is
20 a new type of service.³ The Commission has approved other tariff sheets in
21 the past outside of a rate case that set a rate for a new service.⁴ Since the
22 Ameren Missouri tariff sheets do not change existing rates, it is lawful for
23 the Commission to approve the tariff sheets without the necessity of
24 conducting a general rate case.⁵ [footnotes omitted]

25 Footnote 4 of the Union Electric LED street light case stated: “*The Commission*
26 *has approved rates for new services outside the context of a general rate case. See, File*
27 *Nos. ER-2014-0258 (new tariff for standby service), EO-2013-0367 (new rate for class 6M*
28 *LED lights), and EA-2005-0180 (added entire rate class).”*

29 Footnote 5 of the Union Electric LED street light case cited to *State ex rel. Sprint*
30 *Spectrum L.P. v. Missouri Public Service Commission, 112 S.W.3d 20, 28 -29 (Mo.App.*
31 *2003)* for the proposition that it is lawful for the Commission to approve tariff sheets
32 without the necessity of conducting a general rate case for new services.

1 **Q: Are you aware of other examples of cases in which the Commission has recognized**
2 **that it may approve rates for new services outside the context of general rate cases?**

3 A: Yes. In Re Union Electric Company, Case No. ET-2018-0063, the Commission allowed
4 the implementation of Union Electric’s Green Tariff outside the context of a general rate
5 case. See *Order Approving Stipulation and Agreement*, Re Union Electric Company, Case
6 No. ET-2018-0063 (June 27, 2018).

7 The Commission has often reached the same conclusion in the context of
8 telecommunications cases. For example, in Re Mark Twain Rural Telephone Co., 2001
9 WL 584348, the Commission stated:

10 The Commission agrees with the Filing Companies that the
11 prohibition against single-issue ratemaking does not apply to new service
12 offerings. The legislature did not contemplate the opening of a general rate
13 case in response to each such tariff filing. This is demonstrated by the
14 language of Section 392.220.4, which limits the suspension period for a new
15 service offering to 60 days compared to the otherwise generally applicable
16 period of 120 days plus six months at Section 392.230.3, and also by the
17 command of Section 392.185(3) that Chapter 392 be construed to
18 ‘[p]romote diversity in the supply of telecommunications services and
19 products throughout the state of Missouri.’

20 Because, with one exception, the proposed Wireless Termination
21 Service tariffs herein in question introduce a new service, they are not
22 subject to the prohibition on single-issue ratemaking.

23 **Q: Staff also believes that the rates proposed for EV charging service are in**
24 **contravention of a PISA rate freeze established in 393.1655.2 RSMo. Do you agree**
25 **with Staff’s position?**

26 A: No. The Company will more fully address Staff’s legal issues in its brief but I do want to
27 note that the PISA rate freeze established in Section 393.1655.2 applies to existing base
28 rates and services. It does not apply to new rates for new services like the ones being
29 proposed in this case. Therefore, the PISA rate freeze provisions do not apply in this case

1 and do not limit the Commission’s authority to implement new rates for these pilot
2 programs.

3 Secondly, Section 393.1610 specifically authorizes the Commission to approve
4 pilot programs which includes the adoption of new rates for such pilot programs. Without
5 the ability to implement new rates outside the context of a general rate case for the pilot
6 programs like the ones being proposed in this case, the purpose of the statute to “advance
7 the electrical corporation's operational knowledge of deploying such technologies,
8 including to gain operating efficiencies that result in customer savings and benefits as the
9 technology is scaled across the grid or network” (Section 393.1655.1) would be thwarted.

10 **Q: Do you agree with Staff’s analysis that the Company’s proposed Commercial Rebate**
11 **Program would be detrimental to non-participating Evergy Metro ratepayers until**
12 **around the year 2030 when rate case timing is taken into consideration?**

13 A: No. Company witness Nelson will address Staff’s analysis and the methodology used in
14 more detail. However, I would note that most investments require some number of years
15 to pay off (i.e. generate net benefits). Staff’s conclusions amount to little more than an
16 exercise illustrating the lag inherent to the regulatory process. It is no great secret that the
17 point when net benefits begin flowing to customers is typically a function of rate case
18 timing in addition to the investment’s costs and revenues. Staff appears to suggest the
19 proposed portfolio should not be approved because the benefits do not begin flowing to
20 customers until four years after the end of the program based on Staff’s assumptions of
21 future rate case timing. I would remind the Commission that electric utilities currently
22 must implement new base rates at least every four years to retain the use of an FAC, but
23 that is the longest time possible between rate cases. They can be filed more frequently

1 depending on revenue requirements. Speculation of rate case timing and benefits flowing
2 to customers is just that at this stage. The programs put forward by Evergy are beneficial
3 to all customers and will further Evergy's provision of service to its customers.

4 **Q: Do you agree with the Staff recommendation that, in the event the Commission does**
5 **approve the Company's proposed new rates, the Company should use the revenue**
6 **received from the rate schedules to offset the costs Evergy is requesting to defer to a**
7 **regulatory asset account?**

8 A: No. This is not a recommendation Evergy can accept for two primary reasons. First, it is
9 not reasonably possible to identify whether the revenue from a particular station is new,
10 incremental revenue. Just like most gasoline car drivers depend on more than one gas
11 station, EV drivers depend on a range of charging locations including at their home,
12 workplace, and other public destinations. For this reason, it is unlikely that a single new
13 station is responsible for driving new revenue that is attributable solely to that station. It
14 is more likely that existing charging activity, such as home or workplace charging, is
15 transferred from one location to that new charging station because of its availability. By
16 virtue of being a mobile load, each EV represents customer demand that is variable not
17 only in terms of time but also location.

18 Second, the purposes of the pilot program are to ensure Evergy has a role in
19 managing its grid for purposes of providing efficient and effective service, to provide for
20 the provision of electric service to more EV customers, and to allow Evergy to obtain
21 important data for the future. Usage reporting will certainly be a part of our analysis and
22 reporting on the program. As we have detailed in our application and testimony, the
23 electrification of the transportation sector is well underway, and these programs enable

1 Evergy to participate and influence this transformation, which is appropriate given
2 Evergy's central role in the mobile EV fuel supply chain. Certainly, all revenues generated
3 will be reflected in our next general rate case and go to the benefit of all customers.

4 **Q: How do you respond to Staff assertions that the Company's EV chargers currently**
5 **served under Schedule CCN are not generating revenues that are sufficient to cover**
6 **the revenue requirement caused by Schedule CCN's infrastructure and related costs?**

7 A: Staff's analysis attempts to measure the cost effectiveness for the CCN, a network of
8 charging stations, based on the specifics of each individual charger. The Company has
9 stated since its original deployment of the CCN infrastructure that a primary driver for the
10 investment in this network is to address the concern of potential EV drivers on range
11 anxiety, and the importance to have a reliable network of charging stations throughout our
12 service territory.

13 Certain charging stations will be utilized more often than other stations, but it is
14 important for the EV driver to know there is a network of reliable stations they can depend
15 on similar to the prevalence of gas stations for internal combustion engine vehicles. Range
16 anxiety continues to be an important factor in the consideration of a customer considering
17 the purchase of an EV. That being said, it is common knowledge that a majority of all EV
18 charging is done at the home of the EV driver when EV owners can set up their own
19 charging. When evaluating the cost benefit analysis for these charging station investments,
20 it is important to recognize all unique revenue received from EV drivers. Staff's analysis
21 ignores this reality and gives no consideration to the revenue offsets from home charging
22 when evaluating the cost effectiveness of the current or proposed Company EV programs.
23 Evaluating the costs of publicly available and commercial charging stations on a stand-

1 alone basis without the recognition of revenue offsets from residential EV charging does
2 not appropriately acknowledge the linkage of the CCN or other non-residential charging
3 stations and EV home charging in growing beneficial electrification in our service territory
4 that can benefit all customers. Furthermore, as Evergy has deployed the CCN to promote
5 the adoption of EVs in the service territory, it is understood by the Company that not all
6 charging stations will have significant utilization. It is the nature of utility investment to
7 build to peak demand. With traditional investments, this leaves our entire system
8 underutilized except for times of peak demand. Were we not to build until after demand
9 requires it, we would by definition not be meeting our obligation to serve for mobile electric
10 customers in the same manner we meet our obligations for stationary electric customers.
11 Also, by building across the service territory we ease range anxiety and make service
12 available to all mobile electric customers, which is also consistent with our obligation to
13 serve.

14 **Q: How do you respond to both Staff and OPC's recommendation against a**
15 **determination of the prudence of a decision for further build-out of the CCN?**

16 A: As Company Witness Caisley explains in his testimony, the CCN expansion in Missouri
17 as well as the TE programs must have the appropriate scale to be effective and to deliver
18 the intended results for customers. The Company's request is for the Commission to make
19 a determination on decisional prudence of Evergy's limited expansion of the CCN and to
20 send an important signal that utilities have an important role to play in the advancement of
21 TE in Missouri. These investments serve an important customer segment that is only going
22 to grow exponentially in the coming years and, if actively managed through the utility's

1 involvement, benefits all customers through increased revenues and potential downward
2 pressure on rates over the longer term.

3 An important distinction to make is that Evergy requested a ruling on the decisional
4 prudence of investing in the CCN expansion but did not request a ruling on its
5 management/execution of the CCN expansion project, the costs incurred for construction,
6 or whether there were imprudent costs or costs that could have been avoided during the
7 construction. The Application specifically stated,

8 Evergy requests that the Commission find that the limited and targeted CCN
9 expansion plans Evergy has announced in this filing are prudent from a
10 decisional perspective, although the company is not seeking any regulatory
11 asset tracking mechanism treatment for the expansion of additional CCN
12 deployments as part of this filing. Evergy will request recovery of prudently
13 incurred O&M expenses as well as rate base treatment of prudently incurred
14 capital spend associated with the CCN deployments as part of a future
15 general rate case consistent with other capital investments made by the
16 Company. *Evergy acknowledges that its execution of the CCN expansion*
17 *plans will be subject to prudence review.*²

18 **Q: Please explain this distinction.**

19 A: Evergy has asked the Commission to preapprove its decision to invest capital to build
20 charging stations in Missouri for its customers. This means the Commission would affirm,
21 from a policy perspective, that the expansion of charging stations in Missouri is in the
22 public interest and that the incumbent utility should have a role in that expansion consistent
23 with what Evergy has proposed in its Application. Our position has been clear that we
24 believe charging stations should be installed through the competitive marketplace,
25 particularly over the longer term. Our review of the national landscape and concerns for
26 the efficient and effective operation of our system and availability of service to all EV
27 drivers leads to our belief and recommendation that there is also a role for Evergy in the

² Application, pp. 4-5, ¶8 (emphasis added); Report, p. 31; Caisley Direct, p., 7.

1 EV charging market. We have structured our request in this docket to facilitate such a
2 hybrid approach. Although the Application quantifies the number of new CCN charging
3 stations Evergy proposes to add and provides a cost estimate associated with those stations,
4 it does not ask for Commission preapproval of the prudence of Evergy's execution of the
5 construction or the ultimate costs.³

6 It is clearly within the Commission's purview to address the policy of the State
7 regarding expansion of EV charging infrastructure. As we have previously referenced,
8 there are many instances across the country where commissions have determined there is
9 a role for the electric utility in supporting electric vehicle expansion.⁴ In his surrebuttal
10 testimony, Mr. Caisley will discuss more fully the importance of our participation in the
11 efficient and effective buildout of electric infrastructure to support the growing
12 transportation electrification ("TE") market. Our request in this docket is designed to drive
13 that efficient and effective infrastructure support while providing for broader market
14 participation.

15 **Q: So, if the Commission were to approve Evergy's Application regarding CCN**
16 **expansion in this docket, how would that influence consideration of the investment in**
17 **a future rate case?**

18 **A:** As stated above, Evergy will request recovery of prudently incurred O&M expenses as
19 well as rate base treatment of prudently incurred capital investment associated with the
20 CCN deployments as part of a future general rate case consistent with other capital

³ The cost estimate provided in the Application is a snapshot in time and may change given that the build-out will occur over five years. However, the budget provided is indicative of what the cost would be under conditions at the time of the Application. The final costs could vary based on market and other conditions at the time of construction.

⁴ See Report, p. 11. The Report was initially filed with the Application on February 24, 2021 and updated May 7, 2021. Supplemental information was filed with the Commission on July 16, 2021.

1 investments. At that time, under our request in this docket, the Commission wouldn't
2 disallow recovery on the basis that a utility should not invest in charging stations, or that
3 charging stations are not part of providing efficient and sufficient electric service, or that
4 inclusion of these investments in rate base results in unjust or unreasonable rates. Those
5 policy decisions would have been made in this docket. However, the dollars spent will be
6 subject to a prudence review like all other capital investments that serve our customers.
7 As such, the Commission retains the ability to disallow the inclusion in rates of any costs
8 determined to be imprudent.

9 **Q: What about Staff's contention on p. 25 that the Commission may only make a**
10 **determination of the prudence of a decision when determining whether to grant a**
11 **Certificate of Convenience and Necessity under 20 CSR 4240-20.040(1)(C)⁵, and that**
12 **Evergy in this case has not made such an application nor included the applicable**
13 **related filing requirements?**

14 A: The Commission certainly has the authority to determine electric utility policy and to
15 conclude that efficient and sufficient electric utility service includes making EV charging
16 stations available to supply power to electric vehicles in Missouri.

17 Second, 20 CSR 4240-20.045 does not restrict the Commission's ability to
18 preapprove a utility investment otherwise under its general statutory grant of authority if
19 the Commission finds it is in the public interest to do so. 20 CSR 4240-20.045 does not
20 take that power away from the Commission. Moreover, the rule specifies under section (1)

⁵ Since there is no section 20.040 in the Commission's rules, it appears that Staff meant to cite 20 CSR 4240-20.045(2)(C). I will cite to 20 CSR 20.045 for the remainder of my testimony.

1 (A) that it does not apply to construction of distribution plant (such as an EV charging
2 station) within the utility's service territory.

3 **Q: Are there examples where preapproval of a utility investment was granted outside of**
4 **a Certificate of Need and Necessity filing?**

5 A: Yes, there has. Specific to Evergy, on May 6, 2004, Kansas City Power & Light Company
6 ("KCP&L") filed to open an investigatory docket and establish a process to discuss supply,
7 delivery and pricing of the electric service provided by KCP&L.⁶ On March 28, 2005,
8 many of the parties to the docket filed a Stipulation and Agreement setting out a
9 Comprehensive Energy Plan ("CEP") for KCP&L to implement over a 5-year period.
10 Although the Certificate of Need and Necessity statute was in place during that time and
11 the CEP involved new investments in generation and transmission, the request for approval
12 of the CEP was not filed under 20 CSR 4240-20.045(2)(C) which was subsequently
13 modified to include a determination of decisional prudence. The CEP included, among
14 other things, energy efficiency and demand side management programs, distribution
15 investment, pension expenses, sales of SO₂ allowances, and off-systems sales. The docket
16 was conducted under the Commission's general statutory authority as provided for under
17 20 CSR 4240-2.060 and Sections 386.250, 393.140, RSMo 2000.⁷

⁶ Docket No. EO-2004-0577 ("0577 Docket").

⁷ See "Application to Establish Investigatory Docket and Workshop Process Regarding Kansas City Power & Light Company", filed May 6, 2004, p. 1, 0577 Docket.

1 **Q: What about Ms. Lange’s assertion that the Application in this case did not include**
2 **the information required by 20 CSR 4240-20.045?**

3 A: Again, this Application was not filed under 20 CSR 4240-20.045 and all the filing
4 requirements of that statute are not applicable to this proposal.

5 **Q: What about OPC’s assertions that the Commission should not make a determination**
6 **of prudence of the CCN expansion because:**

7 **a. Uber/Lyft proposal is an excuse to increase the number of fast charging**
8 **stations it can rate base.**

9 **b. Will cannibalize CCN infrastructure and increase rates, when**
10 **customers are already struggling**

11 **c. There is no stated agreement with Uber/Lyft or other service - no**
12 **repercussion if revenues do not materialize**

13 A: As explained during Technical Conference #2 (June 11, 2021) and in Evergy’s budget
14 workpapers, Evergy’s request for additional CCN cap space includes four direct current
15 fast charging (“DCFC”) sites in MO Metro intended for use by transportation network
16 companies (“TNCs”)/rideshare companies. Capital cost estimated to be \$100,000 per site
17 on customer’s side of meter, and ratepayer exposure to capital costs on utility side of meter
18 is capped by the standard line extension of \$27,000 per site. OPC is correct that Evergy
19 does not have a clear plan or stated agreement with TNCs (such as Uber/Lyft), nor is there
20 any guarantee such an agreement will materialize. Requesting the ability to pursue
21 emerging opportunities does not guarantee such opportunities will materialize. The
22 purpose of requesting additional “headroom” in the cap is to provide Evergy with the
23 flexibility to manage its business and respond to emerging opportunities like

1 TNC/Rideshare, which expands the availability/accessibility of transportation
2 electrification as discussed in our filing.

3 Industry signals indicate that TNC/Rideshare is an emerging use case that requires
4 DCFC and there are benefits to addressing this EV driver group. Lyft has stated in public
5 forums (e.g. FORTH Roadmap Conference Presentation) that rideshare drivers tend to live
6 in underserved areas where many people rely disproportionately on rideshare services, yet
7 they do not have access to charging stations in their own neighborhood. Researchers at the
8 University of California at Davis report that “nearly a third of TNC-EV drivers do not
9 charge at home, and TNC EVs account for 40% of all non-Tesla public fast-charger use.”
10 ^{8,9} This reduces the probability a third-party DCFC provider will be interested in siting
11 charging stations where they are needed most from a TNC/Rideshare perspective. By
12 partnering with TNC/Rideshare companies, Evergy will have visibility to a known segment
13 of EV drivers whose charging load can be quantified and beneficial. Lyft reports that their
14 EV drivers tend to charge at off-peak hours because they are driving during on-peak hours
15 that coincide with high rideshare demand hours. Furthermore, Evergy’s support could also
16 come through cooperation with a local transit agency that has partnered with a
17 TNC/Rideshare provider.

18 With regards to OPC’s claim that expansion of the CCN will cannibalize existing
19 CCN infrastructure and increase rates, Evergy will of course consider proximity to existing
20 DCFC stations when considering potential new sites for TNC/Rideshare.

⁸ Sanguinetti, Angela, Kurani, Ken. "Characteristics and Experiences of Ride-Hailing Drivers with Plug-in Electric Vehicles." UC Davis. 2020.

⁹ Kelly L. Fleming, Mollie Cohen D’Agostino. "Policy Pathways to TNC Electrification in California." UC Davis. 2020.

1 **Q: Staff stated that a deferral mechanism is not needed because it is recommending the**
2 **Commission reject the Company’s application, but that Staff is not opposed to the**
3 **creation of a deferral mechanism of the costs if the Commission approves the**
4 **application. However, Staff states a determination of the amortization period for the**
5 **deferred costs should be determined in a future rate case, not in this proceeding. Why**
6 **is it appropriate to establish a 5-year amortization period in this case?**

7 A: The Company believes it is appropriate to establish a 5-year amortization period with the
8 creation of a deferral mechanism of costs as part of this case. Establishing a 5-year
9 amortization period lines up with the pilot period for the requested Evergy EV programs.
10 It is appropriate for the Commission to make this determination in this docket as opposed
11 to a future rate case because given the unique nature of the termed program duration, it
12 makes sense for the Commission to address it and tie the amortization term to the program
13 duration.

14 **Q: In that Staff recommends rejection of the underlying requests, Staff states it is not**
15 **appropriate to grant variances as requested. To the extent the Commission does**
16 **authorize any aspect of Evergy’s request, Staff recommends that the grant of variance**
17 **be only as broad as is necessary, and be of limited duration. How do you respond to**
18 **this recommendation?**

19 A: The Company agrees with Staff that variances requested by the Company in this case be
20 only as broad as is necessary, and believes the variances requested in the filing are
21 appropriate. With regards to Staff’s recommendation that any variances be of limited
22 duration, the Company would emphasize that any variances granted with regards to any

1 approved EV programs should last as long as the programs are in place and the assets are
2 used and useful to customers.

3 **Q: How do you respond to OPC assertions that Evergy is making it difficult for**
4 **prospective buyers to choose EVs if they perceive their electric bills are approaching**
5 **double digit increases in the near future given PISA and STP investments, as well as**
6 **costs related to Storm Uri?**

7 A: The Company takes strong exception to OPC claims that the Company is actually making
8 it more difficult for customers to become EV drivers by referencing and introducing
9 completely unrelated issues. Evergy is committed to actively promoting beneficial
10 electrification because it is our Company's belief that it has the ability to put downward
11 pressure on rates over time, as described in our filing testimony. Evergy has provided
12 extensive details regarding the STP and its capital plans in other dockets, including how
13 such investments are in line or below the level of capital investments related to our peer
14 companies, as well as how any anticipated rate impacts will be below the rate of inflation
15 over the period of the STP. With regards to OPC's mention of Storm Uri and its impact
16 on Evergy Missouri West customers, the Company has filed an AAO request to provide
17 relief and extend the period of time the costs incurred from the storm are recovered from
18 customers as opposed to recovering the costs more immediately through the FAC. In
19 addition, the Company has indicated its intent to seek securitization of these costs which
20 will further reduce the impact to customers.

21 Contrary to OPC's statements that the Company's motives are to increase rate base
22 at the expense of customers, Evergy is very mindful to balance needed investments that
23 bring benefits to customers with the need to keep our rates affordable and regionally

1 competitive. OPC's assertion that the motive for doing these programs and expanding the
2 CCN is to simply expand rate base is without merit. To put this in perspective, the
3 following estimate is offered for illustrative purposes and may not precisely align with
4 future rate impacts. As the method to allocate these costs to customer classes has not been
5 established, the Company offers this simple, energy-based method as an interim view.
6 Evergy has proposed program costs of \$8.3M for Evergy Missouri Metro and \$4.5M for
7 Evergy Missouri West. The aggregate costs for these programs are less than a single
8 substation in some cases. Further, these costs would be recovered under a five-year
9 deferral. If the deferral were allocated to all classes based on energy use (2018 test year
10 basis), the resulting Missouri Metro annual deferral amount of \$1.66M per year and
11 Missouri West amount of \$0.9M per year would result in a bill impact of \$0.00020 per
12 kWh for Missouri Metro and \$0.00011 per kWh for Missouri West. The amount is the
13 same for all classes. Viewing this in dollars for the Residential class, based on an average
14 monthly usage of 899 kWh, the bill impact would be approximately in the \$1 to \$2 range
15 per year for Missouri residential customers. With these impacts, I would posit that if
16 Evergy's interest were to expand rate base and shareholder returns as OPC suggests, we
17 have sorely missed the mark. Rather, as we have indicated, this is a modestly sized
18 program designed to improve service to EV customers and continue our development and
19 education in managing what will be an increasing adoption of transportation electrification.

20 In addition, the estimated budget dollars associated with the cap increase request
21 associated with the CCN expansion for the current identified need equates to an additional
22 \$1,160,000 for Evergy Missouri Metro and \$1,600,000 for Evergy Missouri West. For
23 this amount the resulting Missouri Metro bill impact would be an additional \$0.00013 per

1 kWh for Missouri Metro and \$0.00018 per kWh for Missouri West. As we made clear in
2 the application request, we have not asked that these program dollars be deferred along
3 with the rest of the program costs identified above but any impacts would come through in
4 a rate case post investment.

5 **III. CLOSING**

6 **Q: Do you have any additional comments you would like to present to the Commission**
7 **in light of the testimony received from Staff and the intervenors to this docket?**

8 A: I would like to summarize the key points of my testimony:

- 9 ▪ Evergy is requesting a ruling on the decisional prudence of its investment in CCN
10 expansion. Review of the prudence of Evergy's management or execution of the
11 expansion is not requested in this proceeding. The costs incurred to implement the
12 expansion will be considered by the Commission in a future rate case docket where
13 recovery is requested.
- 14 ▪ There are no procedural concerns or restrictions in Missouri statutes or rules that
15 prohibit Commission approval of Evergy's request on decisional prudence.
- 16 ▪ There is nothing that precludes this Commission from approving Evergy's
17 requested new rates in this docket outside of a general rate case.
- 18 ▪ Prudently incurred costs, which are currently not in rates, should have deferral
19 treatment for recovery in future rate proceedings. A 5-year amortization period is
20 appropriate to be approved for the deferral treatment as part of this case as opposed
21 to a future rate case.

1 ▪ Deferred expenses should not be offset by any revenues related to the TE Portfolio.
2 An offset is inconsistent with the primary purpose and goal of implementing the
3 TE portfolio, which is to gather information and promote system efficiency.

4 **Q: Does this conclude your testimony?**

5 A: Yes.


DECLARATION OF DARRIN R. IVES

County of Jackson)
) ss
State of Missouri)

Darrin R. Ives, being duly sworn, deposes and says that the information accompanying the attached testimony was prepared by his or under his direction and supervision.

Under penalty of perjury, I declare that the foregoing is true and correct to the best of my knowledge and belief.¹

Evergy, Inc.



Darrin R. Ives, Declarant

¹ See Letter from the Commission, dated March 24, 2020: “[A]ny person may file an affidavit in any matter before the Commission without being notarized so long as the affidavit contains the following declaration: [‘]Under penalty of perjury, I declare that the foregoing is true and correct to the best of my knowledge and belief.[’] _____ Signature of Declarant[.] This guidance applies both to pleadings filed in cases before the Commission and to required annual reports and statements of income.”