

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

In the Matter of the Empire District Electric)
Company’s Application for Approval of)
a Transportation Electrification Portfolio for)
Electric Customers in its Missouri Service Area) **Case No. ET-2020-0390**

STAFF RECOMMENDATION

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

1. On November 29, 2020, The Empire District Electric Company (“Empire”) filed its *Application* requesting approval of a portfolio of transportation electrification pilot programs and alternative accounting treatment under 393.140(8) RSMo.
2. On December 1, 2020, the Commission issued its *Order Directing Notice, A Staff Recommendation, and Setting a Deadline for Intervention Applications*. Staff was ordered to file a recommendation by January 15, 2021.
3. Empire proposes a 5 year set of transportation electrification pilots, broadly divided in three categories, the On Road Component, the Non-Road Component, and the Administrative Component.
4. Staff has reviewed Empire’s application and supporting testimony, as well as its specimen tariffs¹ attached to testimony, and does not recommend promulgation of those specimen tariff sheets as currently constituted. This recommendation is based on significant concerns Staff has with the tariffs and corresponding rate designs, as well as the issue regarding establishing rates for the sale of electricity

¹ As noted in its *Application*, “the specimen tariff sheets have not been submitted separately as proposed tariffs, recognizing that changes may need to be made as this case progresses and the Company continues to work with stakeholders.”

outside of a general rate proceeding. Staff outlines its concerns in the attached Memorandum.

5. Staff recommends the Commission enter an order that the parties develop and submit a proposed procedural schedule that includes adequate time for full stakeholder participation in refinement of the proposed Transportation Electrification Portfolio. Such schedule may include filing of supplemental direct testimony by Empire to incorporate changes to the Portfolio.

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

Respectfully submitted,

/s/ Nicole Mers

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CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing was served by electronic mail, or First Class United States Postal Mail, postage prepaid, on this 15th day of January 2020, to all counsel of record.

/s/ Nicole Mers

MEMORANDUM

To: Missouri Public Service Commission Official Case File,
Case No. ET-2020-0390
In the Matter of The Empire District Electric Company's Application for
Approval of a Transportation Electrification Portfolio for Electric
Customers in its Missouri Service Area

From: Sarah L.K. Lange, Economist, Tariff/Rate Design

<u>/s/ Robin Kliethermes</u> Tariff and Rate Design Department/Date	<u>/s/ Nicole Mers</u> Staff Counsel's Office/Date
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Subject: Staff Recommendation for the Rejection of the Empire District Electric Company
Transportation Electrification Portfolio, as Proposed.

Date: January 15, 2021

Procedural History

On November 29, 2020, The Empire District Electric Company applied for approval of a portfolio of transportation electrification pilot programs and accounting treatment pursuant to Section 393.140(8) RSMo. As noted in its "Application," "the specimen tariff sheets have not been submitted separately as proposed tariffs, recognizing that changes may need to be made as this case progresses and the Company continues to work with stakeholders."

By its December 1, 2020 Order, the Missouri Public Service Commission ("Commission") directed Staff to file its recommendation regarding Empire's proposed pilot programs no later than January 15, 2021.

Discussion

Staff has reviewed the specimen tariff sheets attached to the Direct Testimony of Company witness Robin McAlester as Schedules RM-1 through RM-6 and does not recommend promulgation of those specimen tariff sheets as currently constituted. A summary of each contemplated tariff is provided below:

- **RM-1 Residential Smart Charge Pilot Program:** The stated program description is "The purpose of the Residential Smart Charge Pilot Program is to provide a subscription service that encourages electric vehicle ("EV") charging during periods of low system utilization through timebased rates by providing residential customers the use of a smart (networked) Level 2 ("L2") charging station at their residence. Charging infrastructure deployed pursuant to Schedule RSCPP will be installed and owned by The Empire District Electric Company ("Company")."

- **RM-2 Ready Charge Pilot Program:** The stated program description is “The Ready Charge Pilot Program supports the deployment of smart, network-enabled Level 2 (“L2”) and direct-current fast charging (“DCFC”) infrastructure at publicly accessible commercial customer sites for shared public use to charge an electric vehicle (“EV”). Charging infrastructure deployed pursuant to Schedule RCPP will be installed, owned and operated by The Empire District Electric Company (“Company”) and may be used by any EV owner who resides either within or outside the Company’s service territory.”
- **RM-3 Commercial Electric Vehicle Rate Pilot:** The stated program description is “The Commercial Electric Vehicle Rate Pilot (Schedule CEV) establishes a reduced billing demand for subscribing customers, calculated as the customer’s billing demand under the standard rate schedule, reduced by 75% of the billing demand contribution of the chargers deployed under Schedule CEV. Eligible customers may subscribe to Schedule CEV by executing the Commercial Electric Vehicle Rate Pilot Participant Agreement. The initial term shall be a minimum of five years after the effective date of the CEV rate.”
- **RM-4 Commercial Electrification Pilot Program:** The stated program description is “The Commercial Electrification Pilot Program supports the deployment of smart Level 2 (“L2”) charging infrastructure for use by electric vehicle (“EV”) fleets or located at workplaces. Charging infrastructure deployed pursuant to Schedule CEPP will be installed, owned, and operated by The Empire District Electric Company (“Company”).”
- **RM-5 Electric School Bus Pilot Program:** The stated program description is “The Electric School Bus Pilot Program (Schedule ESBPP) provides charging infrastructure to support the operation of electric school buses at school districts. Under Schedule ESBPP, the Company will deploy smart, network-enabled Level 2 (“L2”) charging infrastructure, to be installed, owned and maintained by The Empire District Electric Company (“Company”), at participating school districts in the service area of the Company.”
- **RM-6 Non-Road Electrification Pilot Program:** The stated program description is “The Non-Road Electrification Pilot Program provides incentives to encourage adoption of qualifying electric technologies that would otherwise be powered by gasoline, diesel, or propane fuel, including electric forklifts, electric-standby truck refrigeration units (“TRUs”), truck stop electrification, agricultural well pumps, and custom equipment.”

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

- **RM-1 Residential Smart Charge Pilot Program:** The ownership and maintenance of utility property within the home of a customer raises several practical, legal, and ideological issues. The interaction of the proposed rate design with riders such as the fuel adjustment clause needs to be better defined and understood. The interaction of the proposed rate design with net metering arrangements needs to be better defined and understood. The calculation of the rate proposed is not fully supported. Staff also has

significant concerns with (1) establishing a rate for the sale of electricity (and changing the applicability of the generally applicable rate) outside of a general rate proceeding, (2) relying on 3rd party submetering, and (3) general tariff design and language.

- **RM-2 Ready Charge Pilot Program:** The ownership and maintenance of utility property within structures owned, maintained, and operated by a customer raises several practical, legal, and ideological issues. The interaction of the proposed rate design with riders such as the fuel adjustment clause needs to be better defined and understood. The calculation of the rate proposed is not fully supported. Staff also has significant concerns with (1) establishing a rate for the sale of electricity (and changing the applicability of the generally applicable rate) outside of a general rate proceeding, (2) relying on 3rd party submetering, and (3) general tariff design and language.
- **RM-3 Commercial Electric Vehicle Rate Pilot:** The calculation of the rate proposed is not fully supported. Staff also has significant concerns with (1) establishing a rate for the sale of electricity (and changing the applicability of the generally applicable rate) outside of a general rate proceeding, and (2) general tariff design and language.
- **RM-4 Commercial Electrification Pilot Program:** The ownership and maintenance of utility property within structures owned, maintained, and operated by a customer raises several practical, legal, and ideological issues. Staff also has significant concerns with general tariff design and language.
- **RM-5 Electric School Bus Pilot Program:** The ownership and maintenance of utility property within structures owned, maintained, and operated by a customer raises several practical, legal, and ideological issues. Staff also has significant concerns with general tariff design and language.
- **RM-6 Non-Road Electrification Pilot Program:** Staff has significant concerns with general tariff design and language, and proposed incentive levels.

In general, these proposed programs either offer services that could be provided by a non-regulated entity, or modify the rates for Empire's provision of service outside of a general rate proceeding.

Staff Recommendation

Due to the reasons stated above, Staff recommends the Commission enter an order that the parties develop and submit a proposed procedural schedule that includes adequate time for full stakeholder participation in refinement of the proposed Transportation Electrification Portfolio. Such schedule may include filing of supplemental direct testimony by Empire to incorporate changes to the Portfolio as suggested by stakeholders that it finds agreeable.

Empire Electric is not delinquent in its assessment. Staff is not aware of any other filing impacting this matter.

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AFFIDAVIT OF SARAH L.K. LANGE

STATE OF MISSOURI)
) ss.
COUNTY OF COLE)

COMES NOW Sarah L.K. Lange, and on her oath declares that she is of sound mind and lawful age; that she contributed to the foregoing *Staff Recommendation in Memorandum form*; and that the same is true and correct according to her best knowledge and belief, under penalty of perjury.

Further the Affiant sayeth not.

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