

Exhibit No.:  
Issue: Clean Charge Network; Sales Revenues  
Witness: Tim M. Rush  
Type of Exhibit: True-Up Rebuttal Testimony  
Sponsoring Party: Kansas City Power & Light Company  
Case No.: ER-2016-0285  
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Data Center  
Missouri Public  
Service Commission

**MISSOURI PUBLIC SERVICE COMMISSION**

**CASE NO.: ER-2016-0285**

**TRUE-UP REBUTTAL TESTIMONY**

**OF**

**TIM M. RUSH**

**ON BEHALF OF**

**KANSAS CITY POWER & LIGHT COMPANY**

Kansas City, Missouri  
March 2017

\*\*\* [REDACTED] \*\*\* Designates "Highly Confidential" Information.  
All Such Information Should Be Treated Confidentially  
Pursuant To 4 CSR 240-2.135.

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KCP&L Exhibit No. 175MP  
Date 3-16-17 Reporter KF  
File No. ER-2016-0285

**TRUE-UP REBUTTAL TESTIMONY**

**OF**

**TIM M. RUSH**

**Case No. ER-2016-0285**

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

2 A: My name is Tim M. Rush. My business address is 1200 Main Street, Kansas City,  
3 Missouri 64105.

4 **Q: Are you the same Tim M. Rush who pre-filed Direct, Rebuttal, and Surrebuttal**  
5 **Testimony in this matter?**

6 A: Yes, I am.

7 **Q: What is the purpose of your True-Up Rebuttal Testimony?**

8 A: The purpose of this True-Up Rebuttal is to respond to certain questions that were brought  
9 up during the hearings by Chairman Hall regarding the Clean Charge Network (“CCN”)  
10 for the electric charging stations as well as provide additional information related to the  
11 information requested by Chairman Hall and filed by the Company as Exhibit 169. I will  
12 also address the Unit Sales and Sales Revenues presented by Staff’s in its true-up filing.

**ELECTRIC VEHICLE CHARGING STATIONS**

1  
2 **Q: Chairman Hall inquired during the hearings about the separation of costs between**  
3 **the distribution facilities and the charging stations in this proceeding. This**  
4 **information was provided as Exhibit 169 filed shortly after the hearings. Can you**  
5 **provide cost breakdown to show how much has been spent on distribution facilities**  
6 **and the costs to purchase the ChargePoint charging stations?**

7 **A:** Yes. As of December 31, 2016, the Company has spent **\*\*[REDACTED]\*\*** on ChargePoint  
8 charging stations (approximately **\*\*[REDACTED]\*\*** of total costs) and **\*\*[REDACTED]\*\*** on  
9 installation and materials for the installation of the charging stations and the meter  
10 pedestal in the KCP&L-MO territory for a current total of \$4,978,178. The remainder,  
11 **\*\*[REDACTED]\*\***, was spent on the meter pedestal where the meter is set.

12 **Q: Chairman Hall further went on to develop his view of an alternative concept that**  
13 **splits the electric vehicle charging station network between distribution plant and**  
14 **the electric charging station. Please provide your understanding of this concept and**  
15 **how this would impact the CCN.**

16 **A:** The concept, as I understand Chairman Hall's view, is that the regulated utility service  
17 surrounding an electric vehicle charging station would only be related to the distribution  
18 assets up to the charging station and that the battery charging provided by the charging  
19 station would be a non-regulated retail service. As such, I believe Chairman Hall's  
20 concept also would follow that the costs, both capital and O&M for the distribution  
21 portion of the service would be allowed in rate base while the costs to purchase and  
22 install the charging stations would not be in rate base. This concept would allow for non-  
23 regulated entities to provide electric vehicle charging and provide an avenue for a

1 specific rate to be billed to hosts who are selling energy to drivers using their charging  
2 station. Essentially, the charging station would be unregulated and be able to charge  
3 whatever price it determined appropriate.

4 **Q: Would this concept change how existing charging stations are operated by KCP&L?**

5 A: Yes. It would dramatically and fundamentally change the operations currently in place.

6 **Q: Why do you say this?**

7 A: First, the Company's proposal in this case is to allow retail customers throughout the  
8 service territory that currently have KCP&L owned charging stations installed on their  
9 premises to simply pay one bill for all the electric service including CCN service offered  
10 to customers at no cost. This type of billing arrangement could no longer be offered  
11 under the Chairman's plan. The reason is that the Company would own the charging  
12 station as an unregulated operation, but would not receive any revenues to support the  
13 unregulated charging station.

14 KCP&L has proposed to set a tariffed rate for electricity delivered to an electric  
15 vehicle through either its Level 2 or Level 3 (DC Fast) chargers where the retail customer  
16 who is providing the site for the station has determined that it does not want to provide  
17 the electric vehicle charging at no cost and that the utility would then provide the  
18 charging at the tariffed price.

19 If the service were to become unregulated, the owner of the charging station  
20 would purchase energy from KCP&L and then set the ultimate price to bill the driver.  
21 The owner could charge high or low prices depending on how the owner choose to utilize  
22 the charging stations and whether they are being used to get customers into stores or

1           incent other behavior. Since this is a resale of electricity, it may become a Commission  
2           issue on such things as predatory pricing.

3           The charging stations which the Company bought were purchased specifically for  
4           the use by a regulated utility. As such, these stations are an integrated component of the  
5           utility, offering a number of specific advantages to the utility that would most likely be of  
6           little interest to an independent party with a charging station. This is discussed later in  
7           my testimony.

8           It may be in the Commission's interest to approve a tariff rate to be billed by the  
9           charging station owners to the vehicle to allow KCP&L to recover all expenses related to  
10          regulated operations.

11          Lastly, because this is a developing market, there is a risk that other parties would  
12          not participate in the installation of the charging stations and the market would stagnate.

13   **Q:    Would KCP&L be adversely impacted by changing the method of recovery and**  
14   **characterization of the existing CCN investment?**

15   **A:**    Yes. The CCN was designed and constructed to be operated as a part of KCP&L's  
16          regulated operations. The costs have been incurred to supply customers with the services  
17          they require and to reconstruct the manner of cost recovery at this point in the project  
18          would have negative implications. The Company believes that the continued, and  
19          accelerating, growth of electric vehicle ownership and usage in its service territory is due  
20          to the availability of Company-owned charging stations which have both capital and  
21          O&M costs associated with each location. As such, if the Commission desires to define  
22          charging as an unregulated retail service and distribution to the stations as a regulated  
23          service, the Company requests this change to be on a going-forward basis and not for

1 those CCN installation already installed. Changing the existing stations to reflect  
2 Commissioner Hall's concept, as explained above, would create significant problems  
3 with the existing system.

4 **Q: Would the Company be opposed to Chairman Hall's concept moving forward?**

5 A: No. As previously stated, the Company is comfortable with the idea to allow for third-  
6 party owners and operators of electric vehicle charging stations. If the tariffs and statutes  
7 are modified to create this opportunity and define standards such as guidelines for EV  
8 charging station installation, which may include guidelines in pricing, complaints, etc.,  
9 then the Company thinks the Chairman's proposal may work

10 **Q: Why does the Company oppose this change being implemented now to include the**  
11 **CCN?**

12 A: As stated above, the charging stations purchased by KCP&L for the CCN were designed  
13 as a regulated network to allow for benefits to be realized by all customers. In order to  
14 realize these benefits KCP&L purchased a specific plan from ChargePoint that provides  
15 the following features:

- 16 • Peak Load Monitoring and Analytics – Gives KCP&L the ability to measure peak and  
17 average power and energy consumption in 15 min intervals
- 18 • Energy Management API Access – Gives KCP&L the ability to manage demand in  
19 software dashboard or connect your own tools via the API
- 20 • Power Output and Control-Gives KCP&L the option for real-time power output and  
21 control of multiple arbitrary groups of stations

22 With this plan KCP&L and the Commission can obtain data necessary to evaluate usage  
23 utilization, charging profiles, and impacts to the local distribution grid.

1 The data can be utilized to design the proper pricing and demand response programs  
2 including the future potential for Vehicle to Grid integration. TOU pricing could be  
3 utilized at a future time after an analysis of data is completed and the usage profiles of  
4 different location types are understood.

5 The Company believes that if the existing charging stations installed by the  
6 KCP&L are non-regulated the ability for the Commission to implement benefits such as  
7 TOU pricing or improve demand response programs would be eradicated, yet the  
8 Company will still be burdened with the costs incurred to achieve those benefits.

9 **Q. Would de-regulating the existing CCN stations allow the Company and third party**  
10 **charging station owners to participate on a level playing field?**

11 A. No. The Company would be at a disadvantage with the charging stations that have been  
12 deployed. A non-regulated entity would not take into consideration the grid optimization  
13 aspects of having a grid enabled network of charging stations. Therefore, a non-regulated  
14 entity would most likely opt for a plan negating any demand response capabilities  
15 significantly reducing the cost per station.

16 KCP&L also believes that the typical non-regulated private entity is installing  
17 charging stations for a separate set of benefits outside of revenue from charging stations.  
18 Workplaces install stations to attract employees. Retailers install charging stations  
19 because attracting EV drivers positively impact their bottom line when EV drivers buy  
20 more products in their store. As a non-regulated operation, KCP&L does not have the  
21 access to these other benefits derived from charging stations and would rely solely upon  
22 the incremental revenue obtained to offset the cost.

1 **Q: Would customers be negatively impacted if all stations are determined to be non-**  
2 **regulated?**

3 **A:** Yes. Public utilities serve a certificated area that includes all customers in that area. This  
4 would include underprivileged regions. The deployment of the CCN included all of our  
5 certificated area, which included all areas. Entities who may install EV charging stations  
6 are not required to serve all areas and as such may not take this into consideration.  
7 Stations could be installed randomly across the state in a cherry-picked fashion by  
8 unregulated entities.

9 **Q: Could allowing the CCN stations remain regulated mitigate this risk?**

10 Yes. In time, the Company expects enough information will be gathered by the CCN and  
11 shared with regulators so that informed forecasts can be made for deployment  
12 requirements of the new, evolving EV mobile customer market. Such data will be  
13 beneficial in determining the design and language for crafting legislation and or tariffs for  
14 the EV charging station infrastructure that makes sense for Missouri.

15 The Company believes that if the retail service concept is designed properly and  
16 takes into consideration items such as distribution system impact, installation guidelines,  
17 and charging station capability requirements, the model could produce benefits that  
18 would be realized by the Company, hosts, and consumers simultaneously.

19 **Q: So what is the position of the Company with regard to Chairman Hall's concept?**

20 **A:** While this may work for the future, I think that the current investment that the utility has  
21 made should remain regulated and that the tariff proposed by the Company, less the  
22 session charge should be approved. Additionally, the Company should work closely with



1 Commission, Staff, OPC and other interested parties to further develop Commissioner  
2 Hall's concept before implementation.

3 **UNIT SALES & SALES REVENUES**

4 **Q: Does the Company still have an issue with the Staff's proposed unit sales and sales**  
5 **revenues proposed in this case?**

6 A: Yes. The Company still has issue with the Staff's exclusion of the MEEIA Cycle 1 unit  
7 sales and revenue adjustment. Additionally, the Staff notified the Company shortly prior  
8 to filing its true-up direct testimony that it had discovered an error in its unit sales, sales  
9 revenues and fuel and purchased power costs and its energy allocator and that the those  
10 elements that the Company had relied upon prior to its filing would be changing in the  
11 direct filing. Another error was discovered after the true-up direct was filed with the unit  
12 sales, sales revenue and fuel and purchased power and energy allocator. It is my  
13 understanding that these changes have been made in Staff's EMS model and will be  
14 reflected in its True-up Rebuttal Testimony (Missouri retail revenues \$837,968,946 and  
15 Missouri Retail Sales will be 8,412,099,098 kWh's). I believe at this point that if the  
16 changes that have been communicated between Staff and Company take place and are  
17 reflected in the Staff EMS run, then the Company does not have an issue with the unit  
18 sales and sales revenue or the energy allocator beyond the need to adjust the unit sales,  
19 sales revenue and fuel and purchased power to reflect the impact of the MEEIA Cycle 1  
20 unit sales and revenue adjustment. However, True-up Rebuttal testimony is being filed  
21 by Burton Crawford pertaining to an issue remaining with Power Market Prices and the  
22 impact they have on fuel and purchased power costs.

1 Q: Does that conclude your True-Up Rebuttal Testimony?

2 A: Yes, it does.

BEFORE THE PUBLIC SERVICE COMMISSION  
OF THE STATE OF MISSOURI

In the Matter of Kansas City Power & Light )  
Company's Request for Authority to Implement ) Case No. ER-2016-0285  
A General Rate Increase for Electric Service )

AFFIDAVIT OF TIM M. RUSH

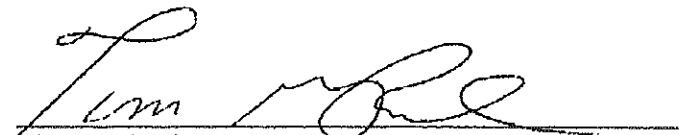
STATE OF MISSOURI )  
 ) ss  
COUNTY OF JACKSON )

Tim M. Rush, being first duly sworn on his oath, states:

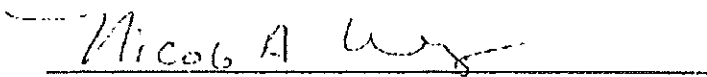
1. My name is Tim M. Rush. I work in Kansas City, Missouri, and I am employed by Kansas City Power & Light Company as Director, Regulatory Affairs.

2. Attached hereto and made a part hereof for all purposes is my True-Up Rebuttal Testimony on behalf of Kansas City Power & Light Company consisting of nine (9) pages, having been prepared in written form for introduction into evidence in the above-captioned docket.

3. I have knowledge of the matters set forth therein. I hereby swear and affirm that my answers contained in the attached testimony to the questions therein propounded, including any attachments thereto, are true and accurate to the best of my knowledge, information and belief.

  
Tim M. Rush

Subscribed and sworn before me this 10<sup>th</sup> day of March 2017.

  
Notary Public

My commission expires: Feb. 04, 2019

