BEFORE THE STATE CORPORATION COMMISSION OF THE STATE OF KANSAS

IN THE MATTER OF THE APPLICATION]
OF EVERGY METRO, INC., EVERGY]
CENTRAL, INC., AND EVERGY KANSAS] KCC Docket No. 21-EKME-320-TAR
SOUTH, INC. FOR APPROVAL OF]
TRANSPORTATION ELECTRIFICATION]
PORTFOLIO]

DIRECT TESTIMONY OF

ANDREA C. CRANE

RE: REVENUE REQUIREMENTS

ON BEHALF OF

THE CITIZENS' UTILITY RATEPAYER BOARD

June 25, 2021

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Appendix A - List of Prior Testimonies

1 I. STATEMENT OF QUALIFICATIONS

- 2 Q. Please state your name and business address.
- A. My name is Andrea C. Crane and my business address is 2805 E. Oakland Park Boulevard, #401, Fort Lauderdale, FL 33308.

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- 6 Q. By whom are you employed and in what capacity?
- A. I am President of The Columbia Group, Inc., a financial consulting firm that specializes in utility regulation. In this capacity, I analyze rate filings, prepare expert testimony, and undertake various studies relating to utility rates and regulatory policy. I have held several positions of increasing responsibility since I joined The Columbia Group, Inc. in January 1989. I became President of the firm in 2008.

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- Q. Please summarize your professional experience in the utility industry.
- A. Prior to my association with The Columbia Group, Inc., I held the position of Economic Policy and Analysis Staff Manager for GTE Service Corporation, from December 1987 to January 1989. From June 1982 to September 1987, I was employed by various Bell Atlantic (now Verizon) subsidiaries. While at Bell Atlantic, I held assignments in the Product Management, Treasury, and Regulatory Departments.

- 20 Q. Have you previously testified in regulatory proceedings?
- 21 A. Yes, since joining The Columbia Group, Inc., I have testified in over 400 regulatory 22 proceedings in the states of Arizona, Arkansas, Connecticut, Delaware, Florida, Hawaii,

Kansas, Kentucky, Maryland, New Jersey, New Mexico, New York, Oklahoma, Pennsylvania, Rhode Island, South Carolina, Vermont, Washington, West Virginia and the District of Columbia. These proceedings involved electric, gas, water, wastewater, telephone, solid waste, cable television, and navigation utilities. A list of dockets in which I have filed testimony since January 2016 is included in Appendix A.

Q. What is your educational background?

A. I received a Master of Business Administration degree, with a concentration in Finance, from Temple University in Philadelphia, Pennsylvania. My undergraduate degree is a B.A. in Chemistry from Temple University.

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12 II. PURPOSE OF TESTIMONY

Q. What is the purpose of your testimony?

On February 24, 2021, Evergy Metro, Inc., Evergy Kansas Central, Inc., and Evergy Kansas South, Inc. (collectively "Evergy" or "Company") filed an Application with the Kansas Corporation Commission ("KCC" or "Commission") seeking approval of a Transportation Electrification Portfolio ("Portfolio"). The Portfolio has four major components: (1) an Electric Vehicle ("EV") component that includes rebates to various customers for the installation of equipment for faster EV charging; (2) two new proposed Time-of-Use ("TOU") rate classes to promote off-peak charging of EVs; (3) customer education and administration costs associated with both the customer rebates and with the new TOU rate structures; and (4) expansion of the Company's Clean Charge Network

("CCN"). The Company is also seeking authorization to defer the costs associated with the rebates and with customer education and administration and to recover those costs in the next base rate case through a five-year amortization.

The Columbia Group, Inc. was engaged by the State of Kansas, Citizens' Utility Ratepayer Board ("CURB") to review the Company's Application and to provide recommendations to the KCC regarding the Company's proposals.

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III. SUMMARY OF CONCLUSIONS

- Q. What are your conclusions concerning the Company's Portfolio and its request to
 defer the associated costs for future recovery from Kansas ratepayers?
- A. Based on my analysis of the Company's filing and other documentation in this case, my conclusions are as follows:
 - > CURB is generally supportive of national efforts to promote cleaner transportation options, including EVs.
 - ➤ In spite of benefits offered by EVs, portions of the proposed Portfolio raise concerns regarding the role of the utility in setting public policy and the potential for cross-subsidization of various parties by utility ratepayers.
 - ➤ The KCC should deny the Company's request to offer rebates to residential customers, residential developers, and commercial customers.
 - ➤ If the KCC determines that it should authorize some level of rebates for EV charging equipment, then these rebates should be limited to public entities including public transit systems.

> If the KCC determines that it should authorize some level of rebates for EV 1 charging equipment, the associated costs should be shared between 2 ratepayers and shareholders. 3 The KCC should approve the Company's request to offer two new TOU 4 rate structures that promote EV charging during off-peak hours. 5 The Company should be permitted to defer incremental customer education 6 and administration costs associated with these two new TOU rate structures. 7 for consideration in the Company's next base rate case. 8 The KCC should reject the Company's proposed expansion of the CCN 9 program, which was previously rejected by the Commission. 10

12 IV. DISCUSSION OF THE ISSUES

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A. Description of the Portfolio

Q. Please describe the Portfolio that Evergy is proposing in this case.

Evergy is proposing a five-year budget that includes a range of programs covering several customer classes related to the promotion of EVs. These programs include direct rebates, new rates for EV charging by transit services and businesses that have electric fleets, and expansion of the Company's current CCN. In addition, Evergy is proposing to recover program administration and customer education costs. Evergy is proposing to spend \$19.7 million on rebates and the associated program administration and customer education costs

for these programs. In addition, it is proposing to spend \$13.5 million for expansion of the CCN.

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O. Please describe the rebates that Evergy is proposing.

Evergy is proposing to offer three types of rebates. First, Evergy proposes a residential rebate program that would provide rebates for up to 3,100 residential customers that install a 240-volt outlet at their home to enable Level 2 EV charging (an upgrade to charge speed compared to 120-volt Level 1 EV charging via a standard outlet). The Company proposes to provide rebates of up to 50% or \$500 to each participant. Evergy estimates that it will provide approximately 1,700 rebates in the Kansas Metro service territory ("Kansas Metro") and approximately 1,400 in the Kansas Central service territory ("Kansas Central"). The Company's estimate is based on the assumptions that 90% of EVs are driven by single-family home dwellers, that 60% of those homes are able to upgrade to 240-volt outlets, and that 20% of new EV purchasers will install a 240-volt outlet.¹ Evergy estimates that it will provide a total of \$850,000 of rebates in Kansas Metro and \$700,000 in Kansas Central, for a total of \$1,550,000.

Q. Please describe the rebates that Evergy is planning to offer to developers.

A. Evergy is proposing to offer a rebate of \$250 to developers of new residential homes in order to provide an incentive to install one 240-volt outlet at the home, in an area suitable

¹ Evergy Transportation Electrification Portfolio Filing Report, February 24, 2021, Appendix A,

for EV charging. The Company estimates that 200 rebates would be provided in Kansas Metro and 200 in Kansas Central, for a total program cost of \$100,000.

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Q. Please describe the Company's proposed commercial rebates.

The Company is proposing to offer a series of rebates to encourage the installation of charging stations in highway corridors, other public destinations, workplaces, fleets, and multi-family dwellings. Participants will apply for a rebate after installation of the stations is complete. Leased charging stations are also eligible with proof that the participant has signed an agreement for a term of at least five years. The Company is proposing to offer rebates of \$2,500 per port for Level 2 charging stations and of \$20,000 per unit for Direct Current Fast Charging ("DCFC") stations. Evergy is proposing to cap the total rebate per site at between \$25,000 and \$65,000, depending on site type. The maximum rebate per site would be \$25,000 for multi-family units, \$45,000 for highway sites, \$55,000 for non-highway public sites, and \$65,000 for fleet/workplace sites.

The Commercial rebate program is, by far, the largest component of the Company's Portfolio, with an estimated cost of \$15.4 million. This includes \$8.9 million for Kansas Metro and \$6.5 million for Kansas Central. The Company estimates that the Commercial rebate program would result in 2,280 Level 2 ports and 485 DCFC ports.

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- Q. Please describe the new rate structures that Evergy is proposing as part of its Portfolio.
 - Evergy is proposing to offer an Electric Transit Service ("ETS") rate, which would be limited to public transit fleets. The ETS rate would be a TOU rate, with a 12-hour off-peak from 6 p.m. to 6 a.m. While the rate does not include a traditional demand charge, it does include a small Facility Demand Charge to incentivize managed charging. ETS customers will be required to separately meter their EV charging station. All rate riders and surcharges would also apply. The ETS rate is designed to be revenue-neutral with a commercial customer on the Large General Service Space Heating ("LGA") rate.

The Company is also proposing a Business EV Charging Service ("BEVCS") rate that would be available to other commercial customers. The BEVCS rate would be a TOU rate with three rate periods: (1) an on-peak rate from 2 p.m. to 8 p.m., Monday through Friday, (2) a super off-peak rate from midnight to 6 a.m. daily, and (3) an off-peak rate at other times. The BEVCS rate would include a facility demand charge. In Kansas Metro, the BEVCS rate is designed to be revenue neutral with the LGA rate. In Kansas Central, the BEVCS rate is designed to be revenue neutral with a commercial customer on the Medium General Service ("MGS") rate. Similar to the ETS, customers would be required to meter their EV charging separately and to pay all riders and surcharges in addition to the base rate.

Evergy is also proposing to offer a carbon-free energy option to both its Transit Service customers and to other commercial customers, for a premium of \$0.0025 per kWh.

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KCC Docket No. 21-EKME-320-TAR

Evergy states in its Application that it expects the revenue impact from these new rate structures to be negligible, at least initially.

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- Q. In addition to the rebates and new rate structures, did the Company also include costs for administration and customer education in its Application?
- A. Yes, Evergy is seeking \$2.6 million for administration and customer education related to its proposed Portfolio. This request is based on 15% of the underlying program budget.

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- 9 Q. Finally, is Evergy also seeking to expand its CCN?
- 10 A. Yes, it is. Evergy is seeking to expand its CCN by an additional 102 sites, 3 of which
 11 would be in Kansas Metro and 99 in Kansas Central. The CCN program was the subject
 12 of a KCC proceeding, Docket No. 16-KCPE-160-MIS ("16-160 Docket"), initiated by
 13 Kansas City Power and Light Company ("KCP&L") prior to its merger with Westar Energy
 14 to form Evergy. I will discuss this docket in greater detail below.

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- Q. Have you prepared a chart to summarize the components of the Company's proposed Portfolio?
- 18 A. Yes, the various components are summarized in Table 1, below:

Table 1

Residential Customer EV	\$1.55M	Provide 50% up to \$500 per outline for
Outlet Rebate		3,100 dedicated 240V circuits
Residential Developer EV	\$0.1M	\$250 rebate per home (400)
Outlet Rebate		
Commercial EV Charger	\$15.4M	Rebate of \$2,500 per port for L2 and
Rebate		\$20,000 per unit for DCFC; Max of
		\$45,000 per Highway site, \$55,000 per
		non-Highway site, \$65,000 per
		Fleet/Workplace site, \$25,000 per Multi-
		family site
Electric Transit Service Rate	TOU with 2	Negligible usage initially
	periods	
Business EV Charging	TOU with 3	Negligible usage initially
Service Rate	periods	
Customer Education and	\$2.6M	Represents 15% of above costs
Administration		
Subtotal	\$19.7M	
CCN Expansion	\$13.5M	102 new CCN sites (3 in metro and 99 in
_		Central) over 5 years

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B. Benefits of Transportation Electrification

Q. What is the Company's rationale for proposing the EV Portfolio?

A. Evergy states that transportation electrification presents a wide range of benefits, including lower costs, greater grid flexibility, reduced emissions, and local economic benefits.

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Q. What are the cost-benefits that Evergy claims are associated with transportation electrification?

Based on two reports prepared by ICF, Evergy originally estimated that transportation electrification will result in net customer benefits of \$46 million in Kansas Metro and of \$26 million in Kansas Central from 2021 to 2040.² Due to correction of a modeling error, the Company later revised those estimates to \$72 million in Kansas Metro and \$47 million in Kansas Central. ICF examined the costs and benefits from three perspectives – the EV owner, the ratepayer, and society. The customer benefits stated above were based on a scenario of a) medium EV adoption rates and b) low EV pricing. Under this scenario, ICF claims that benefits outweigh costs in all three categories, with the largest net benefit to society. With regard to the ratepayer impact, ICF estimates that the benefits are above the associated costs, but the net benefits are not as great as those accruing to direct EV owners. Therefore, even if one accepts the net benefit estimate under this scenario provided by ICF, the far greatest proportion of benefits are enjoyed by society and/or the individual EV owners, suggesting that it would be more reasonable to fund transportation electrification activities from either the EV owner, or society at large, as opposed to from captive ratepayers.

Moreover, the estimate of net benefits is most heavily influenced by EV pricing. In fact, under scenarios of either medium pricing or high pricing, the net benefits to both society and EV owners are negative.

² While Evergy reported that these net benefits covered the period 2021 to 2031, the underlying ICF report is based on net benefits through 2040.

- 1 Q. Please describe the grid flexibility resulting from transportation electrification.
- A. By providing incentives to charge EVs during off-peak periods, Evergy can more effectively manage the demands placed on its grid. Management of grid demand becomes even more important as more renewable intermittent generation is added to the Company's resource portfolio. Evergy currently offers a residential TOU rate, and states that the TOU rates have reduced the charging load consumed during the system peak hour to less than 40% of the load resulting from unmanaged charging.

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- Q. Please describe the benefits of reduced emissions resulting from transportation electrification.
- A. As described in Evergy's Transportation Electrification Portfolio Filing Report at page 7, 11 plug-in hybrid electric vehicles ("PHEVs") have significantly fewer tailpipe emissions 12 (e.g., particulate matter and ozone-forming nitrogen oxides) than vehicles fueled by 13 internal combustion engines, while battery electric vehicles ("BEVs") have no tailpipe 14 emissions. Carbon emissions are also less for EVs than for gasoline-fueled vehicles. 15 Transportation electrification will therefore reduce the negative health impacts and overall 16 negative environmental impacts associated with gasoline-fueled vehicles. These impacts 17 may be especially beneficial for communities situated near major traffic corridors, which 18 are often low-income communities. 19

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- Q. What are the general economic benefits associated with transportation electrification?
- A. As described in Evergy's Transportation Electrification Portfolio Filing Report at page 8, 3 investment in EV charging infrastructure generally benefits the state in which such 4 investment is made. Such investment can create opportunities for local installers, 5 contractors and electricians. There are also economic benefits associated with direct fuel 6 savings for EV owners and overall benefits to the utility of increased energy sales. The 7 Kansas City metro area, which serves as an automobile manufacturing hub, is also poised 8 to benefit directly from investment made to meet demand in the EV market. Finally, local 9 businesses can benefit from EV drivers that are taking advantage of charging opportunities 10 at nearby locations. 11

- Q. Do you agree with the Company that there are benefits of transportation electrification?
- 15 A. Yes, I do. While I am not offering an opinion about the specific level of net benefits
 16 calculated by Evergy, I do believe that there are very real benefits of transportation
 17 electrification. In addition, I would expect many of the financial benefits to increase over
 18 time, as prices for EVs decline due to new technology, tax incentives, or other factors.

C. Public Policy Considerations

- Q. Given the benefits of transportation electrification, do you believe that the Company's proposed Portfolio should be approved by the KCC?
- A. Although I generally support transportation electrification, and believe that it has certain benefits, it does not necessarily follow that ratepayers should be forced to become investors in transportation electrification programs. Requiring ratepayers to fund certain programs, such as rebates for EV charging and expansion of the CCN program, raises important issues about the appropriate role of the utility in determining public policy. Many of these issues were addressed by the KCC in the 16-160 Docket

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- Q. What did the Company generally propose in that case?
- 12 A. In the 16-160 Docket, KCP&L proposed to construct and operate 1,000 EV charging
 13 stations in its service territory, including 15 Level 3 stations. KCP&L estimated that its
 14 proposed network would be capable of supporting 12,000 EVs with little or no waiting
 15 time and up to 25,000 EVs with moderate waiting time.

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- Q. What additional issues were addressed in the 16-160 Docket?
- A. In its Order opening the 16-160 Docket, the Commission directed KCPL to address certain issues including:
 - ➤ Is the provision of EV charging services a public utility function under Kansas law?
- Does the sale of electricity as a transportation fuel source constitute "furnishing power" under Kansas law?

1		> Would certification of private charging entities within incumbent electric public
2		utility service areas conflict with Kansas law?
3		> Do any conflicts exist between then-current Kansas law and utility implementation
4		of EV charging stations?
5		> Do any general conflicts exist between then-current Kansas policy and utility
6		implementation of EV charging stations?
7		> Should a regulated electric public utility be allowed to enter a potentially
8		competitive marketplace?
9		> Do utility-provided EV charging stations result in cross-subsidization leading to
10		rates that are unreasonably discriminatory or unduly preferential?
11		> Do utility-provided EV charging stations serve the public interest?
12		➤ What is the impact of charging stations on a utility's retail customers?
13		➤ What is the impact of charging stations on a utility's distribution system?
14		➤ What pricing alternatives should be considered for electric vehicle charging stations
15		like KCP&L's Clean Charge Network?
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17	Q.	Did you file testimony in the 16-160 Docket?
18	A.	Yes, I filed testimony in that proceeding on behalf of CURB. Although I am not an attorney
19		and was not offering legal opinions in that case, my testimony in the 16-160 Docket did
20		address several of the issues raised by the Commission from a ratemaking and policy

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perspective.

1 Q. What were your recommendations in the 16-160 Docket?

- 2 A. In my testimony in the 16-160 Docket, I recommended that the KCC reject the proposed CCN program. Specifically, I found that:
 - The Company had not demonstrated a need in Kansas for the CCN program.
 - The Company's proposed program was potentially anti-competitive.
 - ➤ The Company's proposed program would result in cross-subsidization of EV owners by all Kansas customers.
 - ➤ Kansas customers would be subsidizing EV owners that are customers of other utilities and residents of other states.
 - The technology for charging was evolving and the KCC should not lock ratepayers into a technology that may be obsolete before a substantial need arose.
 - The utility should not be determining public policy, especially when such policies increase ratepayer costs while enhancing shareholder earnings.

Q. What did the KCC decide in that case?

A. The KCC rejected the proposed program. As stated in paragraph 35 of its Order in the 16-160 Docket,

The Commission denies KCP&L's request to have ratepayers finance the CCN. The evidence demonstrates the CCN is not necessary. To the contrary, private businesses are already installing stations to incentivize customers, employees, and guests. Rather than burden the ratepayers, the Commission believes either KCP&L shareholders or private businesses should bear the costs of building and operating EV charging stations, as they are the beneficiaries of increased EV ownership. Relying on the private sector to finance an EV network also eliminates concerns of cross-subsidization.

A.

- Q. Do the concerns raised by the Commission in the Order in the 16-160 Docket still apply today?
- A. Yes, they do. The Company's current proposals raise many of the same public policy and cross-subsidization issues that were raised in the 16-160 Docket.

Q. Has Evergy demonstrated that there is a need at the present time for ratepayers to subsidize EV charging equipment for EV owners?

No. The Company's proposals are based largely on the premise that its actions are required in order to promote the development of an electric vehicle market. Evergy has provided no evidence to suggest that its customers are demanding either additional charging stations or rebates in order to purchase EVs. Evergy's filing is not responding to a demand from its customers but rather attempting to create a more robust market for a commercial product that happens to be powered by electricity.

There is no doubt that EVs are increasing to a degree and no doubt that EV charging will become more widely available over time. But the Company has provided no specific research in this case to suggest that its customers are clamoring for either a rebate program or for additional utility-owned charging stations. Evidence suggests that vehicle price is still the largest road block against the purchase of an EV. While battery costs have declined dramatically, there is some research that suggests a further reduction is necessary in order to make EVs attractive to a wider base. This problem is being addressed by the automobile industry, and others in the private sector, since these entities stand to gain the most by the sale of EVs.

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Q. Will Evergy benefit from increases in EV adoption?

Yes, it will. Mr. Caisley states on page 3 of his testimony that "Consistent with our Sustainability Transportation Plan, Evergy wants to grow our business but do so in a beneficial way with our communities and customers." Evergy and its shareholders will undoubtedly benefit from the proliferation of EVs. Moreover, Evergy's customers could also benefit from increased electric usage, provided that such usage is priced correctly. However, the provision of a benefit does not necessarily mean that it is reasonable for ratepayers to pay these costs. The basic issues that were raised in the 16-160 Docket remain today – to what extent should Evergy be using ratepayer funds to promote EVs? Most of the issues raised by CURB in the 16-160 Docket are applicable in this case as well. Is it the utility's role to promote EV adoption? Will these programs result in cross-subsidization? Should ratepayers be forced to fund efforts to promote a competitive product in the open market?

We know that Evergy is under increased pressure to increase earnings. Including the CCN expansion project in rate base will do that. Moreover, to the extent that Evergy can promote the sale of electricity by offering rebates, that too will help earnings. The difficult questions are whether these services should be provided by a public utility and whether these services will result in unfair cross-subsidization.

Q. What are some of the cross-subsidization issues that are present in the Company's proposals?

A. There are several levels of potential cross-subsidization contained in the Company's

proposals. First, offering rebates to customers that install EV charging equipment will force non-EV users to pay for equipment that is only being used by other customers. Moreover, since EV purchasers tend to have higher incomes than purchasers of gasoline-powered cars, the result would likely be that lower-income customers are generally subsidizing higher-income customers. While the rebate program is designed, in part, to help the lower-income customer afford a charging station, the lower-income customer is less likely to have either the means to purchase an EV or the appropriate location to install a 240-volt outlet to power one. Therefore, it is extremely likely that the rebate program would force lower-income customers to subsidize higher-income customers.

In addition, the CCN expansion proposal would require Evergy ratepayers to subsidize EV users who may be customers of other utilities or even residents of other states.

A.

Q. Should Evergy be in the position of making public policy?

No, it should not. While there may be societal benefits associated with expansion of the electric vehicle market, such as environmental and economic benefits, the question is whether it is the role of the local electric utility to be making these determinations, or whether such decisions are better left to government agencies and the private sector. As I stated in my testimony in the 16-160 Docket, in my opinion, it is not the role of the utility to promote public policy but rather to carry out the policies that are adopted by the duly-elected representatives of the citizens of each state.

- Q. Has there been recent legislation in Kansas that excludes EV charging service from the activities of a jurisdictional public utility?
- A. Yes, there has. In House Bill 2145 ("HB 2145"), the Kansas Legislature recently clarified the term "public utility" finding that:
 - (d) The term "public utility" shall not include any activity of an otherwise jurisdictional corporation, company, individual, association of persons, their trustees, lessees or receivers as to the marketing or sale of:
 - (1) Compressed natural gas for end us as motor vehicle fuel; or
 - (2) electricity that is purchased through a retail electric supplier in the certified territory of such retail electric supplier, as such terms are defined in K.S.A. 66-1.170, and amendments thereto, for the sole purpose of the provision of electric vehicle charging service to end users.

This legislation exempts private or public entities providing EV charging services from being classified as public utilities, provided that the electricity used for the electric vehicle charging service is purchased through a retail electric supplier in the certified territory of the supplier. This legislation eliminates one possible obstacle to the expansion of EV charging stations by private entities. It also clarifies that the "marketing or sale" of EV charging service is not an activity of jurisdictional public utilities.

Q. Doesn't Evergy claim that EV adoption will result in benefits for all Evergy customers, not just those that drive EVs?

A. That is Evergy's claim. However, the net benefits are dependent upon low EV prices, a variable over which the Company has no control. In addition, the net benefits estimated by Evergy were based on general scenarios of different EV adoption rates and EV pricing

levels. The Company's net benefit study was not based on the specific programs that Evergy is proposing in this case. As stated in the response to KCC-5, "The cost effectiveness model does not include Evergy's proposed program costs, rebates or otherwise." And as stated in Section 3.4.2 of the Evergy's Transportation Electrification Portfolio Filing Report, "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." Therefore, while there may be benefits associated with increased EV adoption, those benefits are not necessarily tied to any specific Evergy programs, but instead are based on assumptions regarding the benefits that will result from estimated EV adoption rates at different levels of EV pricing.

D. Proposed Rebates for EV Charging

- Q. Should the Commission approve the Company's Portfolio as requested in the Application?
- A. I am recommending that the KCC approve certain portions of the requested Portfolio and deny other components. Specifically, I am recommending that the KCC deny the rebate programs and the CCN expansion. I am recommending that the KCC approve the two new TOU electric charging rates proposed in the Application.

A.

Q. Why are you recommending that the KCC deny the request to offer rebates?

My recommendation is based on a number of factors. Primarily, I am concerned that the rebate program is outside of the Company's basic service mission, which is the provision of monopoly electric service to captive ratepayers. Offering rebates related to EV charging equipment will put the Company in the role of public policy maker, a role that is best handled by state and federal governments with input from their constituencies.

In addition, there is no evidence that rebates for charging equipment are needed in order to promote the EV market. With regard to residential customers, it is unlikely that a rebate of \$500 for a 240-volt charging port will be a sufficient financial incentive for someone to purchase an EV who is not otherwise inclined to do so. It is far more likely that the residential rebates would be given to customers that had already made the decision to purchase an EV and who were likely to install a 240-volt outlet in any case.

With regard to residential developers, it is even less likely that a \$250 rebate would provide sufficient incentive for a developer to install a 240-volt outlet who was not already inclined to do so. Furthermore, there is no guarantee that the eventual homeowner will actually be an EV owner. Moreover, in January 2020, the International Code Council ("ICC") approved changes to building standards calling for installation of panels, outlets and conduit for EV charging in all new home construction. These standards are not mandatory and still must be adopted by each state. Nevertheless, homebuilders are likely to install EV charging capability in new homes without a \$250 rebate from a regulated utility, given the relatively low cost of installing these measures in new construction and the expectation that the EV market will continue to increase over the next several years.

Commercial charging is also likely to be promoted either by the private sector or public entity initiatives. Private sector initiatives include installation of EV charging equipment by businesses for use by their employees, conversion of commercial fleets, or partnerships with companies offering EV charging.

Α.

Q. Are there other reasons why you are opposed to the rebate program at this time?

Yes, there is likely to be federal infrastructure legislation enacted that will provide funding for various projects relating to the deployment of EVs. President Biden's proposed infrastructure bill contains \$174 billion of initiatives relating to electric vehicle adoption including the installation of charging stations and tax incentives for EV purchasers. While the Republican counteroffer includes significantly less than the President is seeking, it is very likely that a compromise will be reached that will contain significant federal incentives for EV adoption.

A.

Q. Does the offering of rebates by the utility raise issues of cross-subsidization, similar to those addressed in the 16-160 Docket?

Yes, it does. Requiring utility ratepayers to pay for rebates offered to select customers will undoubtedly result in cross-subsidization. The rebates programs will require all customers to pay for rebates that are only offered to customers that purchase EVs. Customers that cannot afford EVs or otherwise choose not to make such purchases will be forced to pay higher utility bills in order to provide incentives to other customers, including EV owners who may have significantly more financial resources.

Q. What do you recommend?

I recommend that the KCC deny the Company's request to offer rebate programs to 2 A. promote the installation of EV charging equipment. Such programs would put the 3 Company in the role of public policy maker, would require ratepayers to subsidize a 4 specific automotive technology, and would require non-EV owners to subsidize EV 5 owners, many of whom are likely to install charging equipment even without customer 6 The Company has not shown that these incentives are necessary to promote 7 growth in the EV market and has not shown why a regulated utility should be in this role. 8 Therefore, for all these reasons, I recommend that the KCC reject the Company's rebate 9 proposal. 10

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Q. If the KCC finds that the public policy goals are so compelling that some action on the part of the utility is required, what would you recommend?

If, in spite of my recommendation, the KCC finds that public policy goals require some action on the part of Evergy, then I recommend that the KCC limit rebates to public entities that install EV charging stations. This would include public transit fleets and public highway sites. Moreover, I would also recommend that the costs of any such rebates be shared 50/50 between ratepayers and shareholders. If public policy goals are so compelling that they require ratepayer funding, then shareholders should also be required to do their part to finance these public policy goals. Accordingly, any rebates that are approved should be limited to public entities and the KCC should limit recovery from ratepayers to 50% of the associated costs.

E. Proposed Time-of-Use EV Charging Rates

- Q. What do you recommend regarding the two new TOU rates that the Company is proposing to implement in this case?
- I am supportive of these new rates. The Company is in the business of providing electric A. 4 service and pricing that service is an integral part of that offering. Promoting usage off-5 peak makes sense from an operational and cost perspective. Therefore, I recommend that 6 the KCC authorize the Company to implement the two TOU rate structures that it has 7 proposed in this case. These rate structures will help to support the adoption of EVs by 8 public transit agencies and by other business enterprises that want to make charging 9 available to their employees or decide to convert their fleets to EVs. Therefore, I am 10 supportive of this aspect of the Company's Portfolio. 11

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Q. Do you have any other comments regarding the new rates?

Yes, given that Evergy is under a base rate moratorium, these new rates were developed without the benefit of a full class cost of service study. The rates were designed to be revenue neutral with either LGA or MGS rates, but there is limited data on the underlying costs of providing electricity for EV charging and whether the underlying rate structure will accomplish its goals. Therefore, I recommend that these new rates be reexamined in the Company's next base rate case, as part of a comprehensive review of rate design and class cost of service. At that time, the parties can recommend changes, if appropriate, to both the TOU rate design and the underlying level of TOU rates.

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F. <u>Customer Education and Program Administration Costs</u>

- Q. What are your recommendations regarding the Company's claims for customer education and program administration?
- A. The Company's claim for customer education and administrative costs was based on 15% of its projected rebate budget. Since I am recommending that the KCC deny the proposed rebate program, I am similarly recommending that the KCC deny the Company's claims for customer education and administrative costs associated with the rebates.

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- Q. Do you anticipate incremental customer education and administrative costs associated with the new rate structures?
- 11 A. No, I do not. Evergy stated that the current account managers would be responsible for
 12 working with eligible customers to explain and implement these new rate structures.
 13 Therefore, I do not anticipate any incremental costs associated with these activities.
 14 However, if the Company does incur incremental costs associated with the new TOU rate
 15 structures, then I recommend that it be permitted to defer such incremental costs until the
 16 next base rate case. At that time, the parties can examine any deferred costs and determine
 17 if rate recovery is appropriate, based on the nature and magnitude of the costs incurred.

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G. Proposed Expansion of the CCN

- Q. What is the Company requesting with regard to the CCN expansion?
- A. Evergy states in its Application that it is requesting, "That the Commission finds that the limited and targeted Clean Charge Network ("CCN") expansion plans in this filing are

prudent from a decisional perspective." The Company goes on to state that while it is not requesting any ratemaking treatment for the CCN expansion in this proceeding, it "will request recovery of prudently incurred O&M expenses as well as rate base treatment of prudently incurred capital spend associated with the CCN deployments as part of a future general rate case consistent with other capital investments made by the Company."³

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Q. Does Evergy have a financial incentive to add CCN charging stations?

Evergy most certainly has a financial incentive to add CCN charging stations to its network if it can recover the associated costs from ratepayers. While the Company claims that the additional CCN stations will maintain "a focus on filling gaps in the market and serving underserved communities", the Company acknowledges that its "planned CCN expansion is aligned with Evergy's equity commitment...", presumably the commitments in the Sustainability Transition Plan ("STP") to increase earnings by increasing capital investment and rate base.⁴

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Q. What has been Evergy's experience to date with the CCN Program?

A. As previously discussed, KCP&L requested authorization for its CCN program in the 16-18 160 Docket. That request was denied. However, by the time that KCP&L filed its Application in that case on February 16, 2016, the utility had already publicly announced

³ Application, page 4.

⁴ Evergy Transportation Electrification Portfolio Filing Report, page 32.

its plans to undertake "the largest electric vehicle charging station installation by an electric utility in the United States." By April 6, 2016, the CCN network had 225 active EV charging stations in Kansas and the Company expected installation of the CCN network to be completed by August 2016, prior to a decision in the 16-160 Docket.

Therefore, even though the KCC denied the Company's request for the CCN Program and related cost recovery from ratepayers, KCP&L effectively completed the program in Kansas Metro. As of February 2021, Evergy has 905 charging stations in its Missouri and Kansas Metro service territories, and 30 charging stations in Kansas Central.⁶

Evergy suggests, on page 5 of its Evergy Transportation Electrification Portfolio Filing Report, that the CCN program has been responsible for the significant growth of EVs in Kansas Metro relative to Kansas Central. However, while it is true that EV adoption has been more rapid in Kansas Metro than in Kansas Central, both areas have seen significant growth. Evergy reports growth of 1300% from 2014 to 2019 in Kansas Metro and of 400% in Kansas Central. Therefore, while Kansas Metro's growth was 3.25 times that of Kansas Central, Kansas Metro has over 30 times as many charging stations. If EV charging stations were directly responsible for the growth in EV adoption, one would expect even more disparate growth rates between the two service areas.

In addition, growth of EVs in the Kansas Metro and Missouri service territories from 2017-2019 accelerated even though the number of CCN charging stations did not change significantly, suggesting that it was not necessarily the addition of more charging

⁵ Application in KCC Docket No. 16-KCPE-160-MIS, page 1.

⁶ Evergy Transportation Electrification Portfolio Filing Report, Footnote 7.

stations that propelled such growth.

Nor does the evidence suggest that limitations in the number of charging stations is stifling expansion of EVs in Kansas. According to the response to KCC-10, between 2015 and 2020, the number of CCN stations in Kansas increased from 172 to 296. But the number of total charging sessions hit a high in 2017, as shown below:

	Stations	Sessions	Avg Sessions per Station
2015	172	5019	29
2016	247	21,688	88
2017	258	45,122	175
2018	258	41,265	160
2019	281	44,923	160
2020	296	28,109	95

The sessions per station declined from 2017 to 2018, and rebounded somewhat in 2019, although not to the 2017 level. Sessions per station fell dramatically in 2020, but that is not surprising given the COVID-19 pandemic and its impact on driving patterns as well as income levels. Still, the evidence does not suggest that lack of charging stations is hindering adoption of EVs.

Q. What share of the vehicle market do EVs have at the present time in Evergy's service territories?

A. According to the response to KCC-29, as of September 2020, there were 3,030 EVs in Kansas Metro, out of total estimated light-duty vehicles of 623,656. This constitutes less

than ½ of 1 percent of the total market. In Kansas Central, there were 1,997 EVs at 1 September 2020, out of a total vehicle count of 1,216,233. This constitutes less than 2/10th 2 of 1 percent. As reported by EPRI for year-end 2020, there were 3,293 EVs in Kansas 3 Metro and 2,140 EVs in Kansas Central. 4

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Q. How does the actual number of EVs compare with the number forecast in the 16-160 Docket?

As shown in the response to KCC-36, the actual number is below projections. In 2020, 8 A. actual EVs in Evergy's service territories were only 68% of the medium forecast. 9 However, 2020 was heavily impacted by COVID-19. A more meaningful analysis would 10 be to examine 2019 results, which were still more than 20% below projections. In spite of some market growth over the past five years, EVs are still a very small share of the overall 12 market in Evergy's service territories. 13

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What do you recommend regarding the Company's request to expand the CCN and Q. to include the associated costs in future rate proceeding?

I recommend that expansion of the CCN program be denied. This program was thoroughly examined, and rejected, in the 16-160 Docket. In that case, the KCC found (1) that the utility had not demonstrated a need for the CCN program, (2) that the CCN program resulted in cross-subsidization, and (3) that the CCN program raised concerns about the utility's role in forcing ratepayers to promote certain public policies through their utility rates. KCP&L completed the CCN program without ratepayer subsidies. Furthermore, HB 2145, as enacted, exempts entities that provide EV charging service using electricity purchased from a retail electric supplier from being classified as jurisdictional public utilities, effective July 1, 2021. If Evergy wants to further expand the CCN program, it should once again be required to finance this expansion with shareholder funds, rather than with regulated utility rates. For all these reasons, I recommend that the KCC reject the Company's proposed expansion of the CCN program.

- Q. Does this conclude your testimony?
- 9 A. Yes, it does.

VERIFICATION

STATE OF FLORIDA)
) ss
COUNTY OF BROWARD)

Andrea C. Crane, President of The Columbia Group, Inc., upon being duly sworn upon her oath, deposes and states that she is a consultant for the Citizens' Utility Ratepayer Board, that she has read and is familiar with the foregoing Direct Testimony of Andrea C. Crane, and that the statements made therein are true and correct to the best of her knowledge, information and belief.

SIGNED this 24th day of June, 2021.

ANDREA C. CRANÉ

SUBSCRIBED AND SWORN TO before me by Andrea C. Crane on this 24th day of June, 2021.

Notary Public State of Florida Elizabeth Jacobs My Commission GG 330722 Expires 05/05/2023 NOTARY PUBLIC IN AND FOR THE STATE OF FLORIDA

My Commission Expires:

<u>Company</u>	<u>Utility</u>	<u>State</u>	<u>Docket</u>	<u>Date</u>	<u>Topic</u>	On Behalf Of
Evergy Kansas Metro Evergy Kansas Central	E	Kansas	21-EKME-320-TAR	6/21	Electric Vehicle Program	Citizens' Utility Ratepayer Board
Southwestern Public Service Company	E	New Mexico	20-00238-UT	5/21	Revenue Requirements	Office of Attorney General
Avista Corporation	E/G	Washington	UE-200900/UG-200901	4/21	Revenue Requirements	Public Counsel Unit
Public Service Company of New Mexico / Avangrid	Е	New Mexico	20-00222-UT	4/21	Merger Transaction	Office of Attorney General
PSEG Nuclear and Exelon Generation Company	E	New Jersey	ER20080557-559	1/21	Nuclear Subsidies	Division of Rate Counsel
Utilities, Inc. of Florida	W/WW	Florida	20200139-WS	11/20	Revenue Requirements	Office of Public Counsel
El Paso Electric Company	E	New Mexico	20-00104-UT	10/20	Revenue Requirements	Office of Attorney General
Public Service Company of New Mexico	E	New Mexico	20-00121-UT	9/20	Regulatory Disincentive Mechanism	Office of Attorney General
Peoples Gas System	G	Florida	20200051-GU	9/20	Revenue Requirements	Office of Public Counsel
New Mexico Gas Company	G	New Mexico	19-00317-UT	7/20	Revenue Requirements	Office of Attorney General
El Paso Electric Company	E	New Mexico	19-00317-UT	4/20	CCN For Newman Unit 6	Office of Attorney General
Public Service Company of New Mexico	E	New Mexico	19-00195-UT	12/19	Replacement Resources for SJGS Units 1 and 4	Office of Attorney General
Southwestern Public Service Company	Е	New Mexico	19-00170-UT	11/19	Revenue Requirements	Office of Attorney General
Atmos Energy Company	G	Kansas	19-ATMG-525-RTS	10/19	Revenue Requirements	Citizens' Utility Ratepayer Board
Public Service Company of New Mexico	Е	New Mexico	19-00018-UT	10/19	Abandonment of SJGS and Stranded Cost Recovery	Office of Attorney General
Rockland Electric Company	Е	New Jersey	ER19050552	10/19	Revenue Requirements	Division of Rate Counsel
Avista Corporation	E/G	Washington	UE-190334/UG-190335	10/19	Revenue Requirements	Public Counsel Unit
Westar Energy, Inc.	E	Kansas	19-WSEE-355-TAR	6/19	JEC Capacity Purchase	Citizens' Utility Ratepayer Board
Empire District Electric Company	E	Kansas	19-EPDE-223-RTS	5/19	Revenue Requirements	Citizens' Utility Ratepayer Board
Public Service Electric and Gas Co.	E/G	New Jersey	EO18060629/ G018060630	3/19	Energy Strong II Program	Division of Rate Counsel
Southwestern Public Service Company	Е	New Mexico	18-00308-UT	2/19	Voluntary Renewable Energy Program	Office of Attorney General
Zero Emission Certificate Program (Various Applicants)	Е	New Jersey	EO18080899	1/19	Zero Emission Certificates Subsidy	Division of Rate Counsel
Public Service Company of New Mexico	E	New Mexico	18-00043-UT	12/18	Removal of Energy Efficiency Disincentives	Office of Attorney General
Kansas Gas Service	G	Kansas	18-KGSG-560-RTS	10/18	Revenue Requirements	Citizens' Utility Ratepayer Board
New Mexico Gas Company	G	New Mexico	18-00038-UT	9/18	Testimony in Support of Stipulation	Office of Attorney General
Kansas City Power and Light Company	E	Kansas	18-KCPE-480-RTS	9/18	Revenue Requirements	Citizens' Utility Ratepayer Board
Public Service Electric and Gas Co.	E/G	New Jersey	ER18010029/	8/18	Revenue Requirements	Division of Rate Counsel

<u>Company</u>	<u>Utility</u>	<u>State</u>	<u>Docket</u>	<u>Date</u>	<u>Topic</u>	On Behalf Of
			GR18010030			
Westar Energy, Inc.	E	Kansas	18-WSEE-328-RTS	6/18	Revenue Requirements	Citizens' Utility Ratepayer Board
Southwestern Public Service Company	Е	New Mexico	17-00255-UT	4/18	Revenue Requirements	Office of Attorney General
Empire District Electric Company	E	Kansas	18-EPDE-184-PRE	3/18	Approval of Wind Generation Facilities	Citizens' Utility Ratepayer Board
GPE/ Kansas City Power & Light Co., Westar Energy, Inc.	E	Kansas	18-KCPE-095-MER	1/18	Proposed Merger	Citizens' Utility Ratepayer Board
Public Service Electric and Gas Co.	E	New Jersey	GR17070776	1/18	Gas System Modernization Program	Division of Rate Counsel
Southwestern Public Service Company	E	New Mexico	17-00044-UT	10/17	Approval of Wind Generation Facilities	Office of Attorney General
Kansas Gas Service	G	Kansas	17-KGSG-455-ACT	9/17	MGP Remediation Costs	Citizens' Utility Ratepayer Board
Atlantic City Electric Company	Е	New Jersey	ER17030308	8/17	Base Rate Case	Division of Rate Counsel
Public Service Company of New Mexico	E	New Mexico	16-00276-UT	6/17	Testimony in Support of Stipulation	Office of Attorney General
Westar Energy, Inc.	Е	Kansas	17-WSEE-147-RTS	5/17	Abbreviated Rate Case	Citizens' Utility Ratepayer Board
Kansas City Power and Light Company	E	Kansas	17-KCPE-201-RTS	4/17	Abbreviated Rate Case	Citizens' Utility Ratepayer Board
GPE/ Kansas City Power & Light Co., Westar Energy, Inc.	E	Kansas	16-KCPE-593-ACQ	12/16	Proposed Merger	Citizens' Utility Ratepayer Board
Kansas Gas Service	G	Kansas	16-KGSG-491-RTS	9/16	Revenue Requirements	Citizens' Utility Ratepayer Board
Public Service Company of New Mexico	E	New Mexico	15-00312-UT	7/16	Automated Metering Infrastructure	Office of Attorney General
Kansas City Power and Light Company	E	Kansas	16-KCPE-160-MIS	6/16	Clean Charge Network	Citizens' Utility Ratepayer Board
Kentucky American Water Company	W	Kentucky	2016-00418	5/16	Revenue Requirements	Attorney General/LFUCG
Black Hills/Kansas Gas Utility Company	G	Kansas	16-BHCG-171-TAR	3/16	Long-Term Hedge Contract	Citizens' Utility Ratepayer Board
General Investigation Regarding Accelerated Pipeline Replacement	G	Kansas	15-GIMG-343-GIG	1/16	Cost Recovery Issues	Citizens' Utility Ratepayer Board
Public Service Company of New Mexico	E	New Mexico	15-00261-UT	1/16	Revenue Requirements	Office of Attorney General

CERTIFICATE OF SERVICE

21-EKME-320-TAR

I, the undersigned, hereby certify that a true and correct copy of the above and foregoing document was served by electronic service on this 25th day of June, 2021, to the following:

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