

Exhibit No.:
Issue: Advance Easy Pay Tariff
Witness: Brian A. File
Type of Exhibit: Surrebuttal Testimony
Sponsoring Party: Evergy Missouri Metro and Evergy
Missouri West
Case No.: ER-2022-0129 / 0130
Date Testimony Prepared: August 16, 2022

MISSOURI PUBLIC SERVICE COMMISSION

CASE NO.: ER-2022-0129 / 0130

SURREBUTTAL TESTIMONY

OF

BRIAN A. FILE

ON BEHALF OF

EVERGY MISSOURI METRO and EVERGY MISSOURI WEST

**Kansas City, Missouri
August 2022**

SURREBUTTAL TESTIMONY

OF

BRIAN A. FILE

Case No. ER-2022-0129 / 0130

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

2 A: My name is Brian A. File. 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 Director – Demand Side Management,
6 Energy Efficiency for Evergy Metro, Inc. d/b/a as Evergy Missouri Metro (“Evergy
7 Missouri Metro”), Evergy Missouri West, Inc. d/b/a Evergy Missouri West (“Evergy
8 Missouri West”), Evergy Metro, Inc. d/b/a Evergy Kansas Metro (“Evergy Kansas
9 Metro”), and Evergy Kansas Central, Inc. and Evergy South, Inc., collectively d/b/a as
10 Evergy Kansas Central (“Evergy Kansas Central”) the operating utilities of Evergy, Inc.

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

12 A: I am testifying on behalf of Evergy Missouri Metro and Evergy Missouri West
13 (collectively, the “Company”).

14 **Q: What are your responsibilities as the Director – Demand Side Management, Energy**
15 **Efficiency?**

16 A: My responsibilities include leading the demand-side management group (including energy
17 efficiency and demand response) at Evergy for all jurisdictions. This function includes the
18 Commission approved MEEIA programs. Additionally, I have responsibility for a team

1 focused on customer renewable energy programs and customer facing rates
2 implementation including many of the rates proposed in this case.

3 **Q: Please describe your education, experience and employment history.**

4 A: I earned a Bachelor of Science degree in Chemical Engineering from the University of
5 Kansas and a Master of Business Administration from the University of Missouri-Kansas
6 City. Prior to Evergy, I worked in the petrochemical industry with Chevron Phillips
7 Chemical Company in marketing and technical field sales roles. I have been employed at
8 Evergy (and formerly KCP&L) since 2007 in roles varying from product management, key
9 account relationships and economic development. I have held responsibility over the
10 demand-side management team since 2013.

11 **Q: Have you previously testified in a proceeding before the Missouri Public Service
12 Commission (“Commission” or “MPSC”) or before any other utility regulatory
13 agency?**

14 A: Yes, I have provided written and verbal testimony before the MPSC and the Kansas
15 Corporation Commission.

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

17 A: The purpose of my surrebuttal testimony is to respond to the rebuttal testimony of MPSC
18 Staff and the Office of the Public Counsel (“OPC”) witnesses regarding the Company’s
19 proposed Advance Easy Pay program.

1 **Q: Both Staff witness Glasgow and OPC witness Kremer contend that if customers want**
2 **to pre-pay for their electric service, they can do that today and therefore no need for**
3 **the Advance Easy Pay program. What is your response?**

4 A. Both Mr. Glasgow and Ms. Kremer are correct that customers have an option to pre-pay
5 their electric bill. In reality, Evergy only observes a very small percentage of customers
6 who have a credit balance on their account, which is likely because paying early or more
7 than their current bill isn't a program that provides any additional insights or benefits. With
8 Advance Easy Pay, customers would voluntarily be joining a program upon learning about
9 features, costs and extra benefits for participating.

10 **Q. What advantages does the Company's proposed Advance Easy Pay have over the**
11 **option for customers to pay their electric bill early?**

12 A. The program provides tools and information to help meet customer's needs who like
13 behavioral cues to help them manage their budgets. The Advance Easy Pay program will
14 allow a customer to have "real time" information and direct communication about their
15 account balance and expected upcoming usage with user friendly interfaces and user
16 defined notification methods.

17 **Q. Do you have any evidence from other utilities that customers appreciate these options**
18 **and joining a prepay type program?**

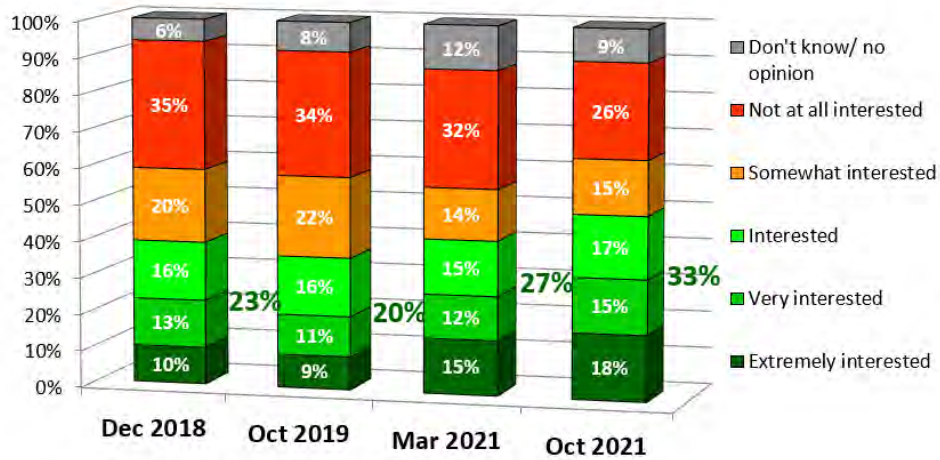
19 A. Yes, customers in major IOU utility programs we reviewed across the country in Arizona,
20 Oklahoma, Maryland, Georgia and South Carolina show no less than 80% and up to 96%
21 customer satisfaction rating with their utility's prepay program.

1 **Q. Staff points out that the ESource study that Staff reviewed shows less customer**
 2 **interest in a pre-pay program than the Company cited. Do you believe that is correct?**

3 A. No, Mr. Glasgow appears to believe that the Company is referring to the “highly likely”
 4 figure of 30%, but in fact the total is based on including “somewhat likely” of 18%. The
 5 combination of those two figures is 48%. This value is in line with the original claim in
 6 Ms. Winslow’s testimony of “over 40%.” To further bolster the point, there is newer
 7 research¹ conducted by ESource that support the insight that an increasing number of
 8 customers are interested in a prepay type program. Figure 1 below highlights this trend in
 9 customer interest.

10

Figure 1.
Interest in Voluntary Prepay Energy from Local Utility
 DEFG’s Prepay Consumer Survey Reports, 2018-2021



If your local utility or provider were to offer a voluntary prepaid option for consumers, how interested would you be?

11

¹ Prepay Energy Working Group – Annual Meeting – Customer Survey No. 45 October 2021.

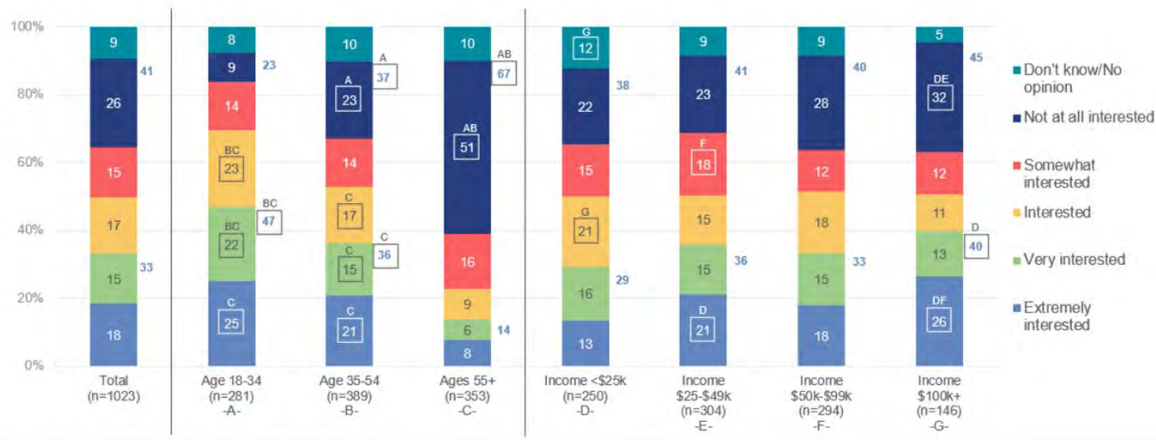
1 Q. Does the Company have any other data points in relation to customer interest in
 2 Advance Easy Pay (pre-paid) program specific to Missouri?

3 A. Company witness Charles Caisley details some additional recent quantitative customer
 4 research in his surrebuttal testimony² related to various residential customer rate choices
 5 of which one is a prepaid option like Advance Easy Pay. The results show that 19% of
 6 survey respondents suggest that Evergy should offer an Advance Easy Pay type program
 7 and 13% of respondents wanted to hear more information. After providing more
 8 information to those customers, 75% of those respondents were still at least somewhat
 9 interested in the Advance Easy Pay program.

10 Q. Staff witness Glasgow expresses concerns with the type of customers that will be more
 11 apt to participate are low income even though it is a voluntary program available to
 12 all customers. Do you have any information that refutes that point?

13 A. I do. There are multiple surveys conducted across the country that document the types of
 14 customers that are interested in prepay programs to provide more context. The results of a
 15 recent survey are shown in figure 2 below.

16 **Figure 2.**
 Customer Interest In Prepay Energy at All-Time High



17



1 **Q. Staff witness Glasgow uses the example of Evergy’s (former Westar) experience with**
2 **a prepay program and the types of customers that participated. Do you think Mr.**
3 **Glasgow’s conclusions and concerns are appropriate to apply on the Advance Easy**
4 **Pay program proposal?**

5 A. No. While Mr. Glasgow cites some statistics from the Westar 2014 pilot, he draws an
6 inappropriate conclusion from the data that customers with arrearages are a targeted group
7 and that they will be the primary audience of the Evergy Advance Easy Pay pilot. As he
8 states the 2014 pilot was a small in scale and there were some secondary influences on
9 participation based on deposit requirements changing. Both issues of which influenced the
10 pilot sample participation demographics. That data should not be extrapolated to the effort
11 Evergy would make in 2023 and what industry says interest in prepay is across the country
12 (as seen in Figure 2 above). Second, he infers that a customer on arrearages is less of a
13 qualified participant than any other customer. Somewhat counterintuitively, a customer on
14 prepay with arrearages is more likely to pay off their arrearages than on a post pay payment
15 arrangement. The customer is able to slow and/or stop the increasing amount of arrearages
16 and make manageable payments to reduce total debt. Westar reported recovering over
17 \$300,000 in arrearages over 30 months from the small participant sample.

1 **Q. Do you have any supporting information to the fact that prepaid participants with**
2 **arrearages pay down their debt better or worse than postpaid customers with**
3 **arrearages?**

4 A. Both Duke Energy and Georgia Power have reported in reporting for their pre-pay
5 programs that 80% or higher³ arrearages pay offs. And based on the scale of their programs
6 these paid off balances result in big savings for all customers.

7 **Q. What is your response to OPC witness expressed concern with the number of waivers**
8 **requested within the Advance Easy Pay program?**

9 A. It is clear that the Chapter 13 rules (“Ch. 13”) were written without contemplation of the
10 enabling technology and customer choice offered with a pre-paid electricity program. The
11 professionals and stakeholders took great strides writing the rules, but there are other facets
12 of customer payment options³ now enabled by technology not available at the time that were
13 not considered. The Ch. 13 rules were originally written in 1975 and most recently edited
14 on 2019 (depending on the section). This is the reason for the variances requested by
15 Evergy in an abundance of caution. As seen in Figure 2, the upcoming generation is more
16 interested in offers like pre-pay than those generations before them, with age 18-34 has the
17 strongest interest in the offer. This is the generation that has grown up mostly with pre-
18 paid offers, like highway tolls and wireless plans and subscription services like Netflix and
19 Apple Music. Because the Ch. 13 rules were written in a prior time that didn’t contemplate
20 this generation, we should allow for a pilot to see how these new customers can shape our
21 go forward plan to engage with customers with technology and evolve as public serving
22 entities.

³ Table on pg 11, Duke Energy Carolinas Prepaid Advantage Pilot Learnings Report, August 2017; Docket No. 2015-136-E, PSC of South Carolina.

1 **Q. Is there a reason to believe that the Company is trying to “re-write the Ch. 13 rules**
2 **outside a formal process” as asserted by OPC?**

3 A. As mentioned above, we believe the rules were not written to contemplate this type of
4 offering. We have proposed a limited pilot scale rate (<5,000 participants) with Ch. 13
5 waivers to see how this will work and if it should be adjusted and/or scaled. The best way
6 to accomplish this evaluation without opening up a Ch. 13 rule change docket is to contain
7 the participation and ask for waivers, as the Company has done.

8 **Q. Per OPC witness Marke, if Ameren Missouri withdrew a pre-pay offer in a case where**
9 **similar stakeholders weighed in on why pre-pay is not a good idea, why did the**
10 **Company propose it again here? What is different?**

11 A. While Dr. Marke didn’t dive deep into the arguments from the case, there is a fundamental
12 difference in Ameren’s proposal from that case and the Company’s Advance Easy Pay
13 program proposal. The Ameren proposal was included within its MEEIA construct as an
14 energy efficiency and/or conservation program. In the Company’s case, Advance Easy
15 Pay is included as a customer option in a general rate case. The Company is not asking for
16 some of the recovery options that happen currently under the MEEIA construct, including
17 program cost recovery through a rider, lost revenue on kWh saved and an earnings
18 opportunity associated with the savings. The focus on this proposal is on a customer option
19 to help them better manage their electric costs. While the Company believes that there will
20 very likely be an energy conservation effect⁴, the Company’s proposal did not attempt to
21 quantify that energy value or make that a contentious issue with stakeholders by
22 introducing this program in a MEEIA construct. Evergy is proposing a pilot with a cap of

⁴ Conservation effect seen in many utility prepay deployments.

1 5,000 participants to respond to customer interest, demonstrate the potential value to
2 customers and resulting satisfaction seen by other utilities that have deployed prepaid
3 programs.

4 **Q. And if electricity is a necessary, essential service for life, health and safety, why would**
5 **the Company propose a program that has disconnections as a regular occurrence?**

6 A. Service disconnection is a last resort for a utility. Especially if customers have specific life,
7 health and safety requirements for electricity, this program is not for them. And it is worth
8 re-iterating a point that the Company has made several times about the proposed Advance
9 Easy Pay program. This is a voluntary program that will only be suited for certain customer
10 types. Yes, disconnections are an occasional outcome of the program but by no means a
11 preferred outcome or goal. In fact, other utilities that have utilized a pre-pay program have
12 reported less total time disconnected (even though more number of disconnections) for
13 customers in arrearages⁵. Disconnections happen only after a regular and frequent amount
14 of communication with a customer about the status of their account.

15 **Q. How is it possible that total disconnection time is lower if there are more**
16 **disconnections potentially with prepay programs?**

17 A. There are two primary drivers to the result other utilities are observing. First, the
18 technology available for multiple payment options as well as remote connect capability
19 improves the response time for any reconnect. Second, the minimum amount to re-connect
20 service much lower than post-paid customers. Nationwide averages show pre-paid
21 customers are reconnected with around ~\$40 payment compared to much larger arrearages
22 that happen before disconnects on post payment customers.

⁵ BGE Prepaid Pilot Evaluation Report – Table VII-26B – Disconnections Only year before and year after enrollment.;

1 Q: Does that conclude your testimony?

2 A: Yes, it does.

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

In the Matter of Evergy Metro, Inc. d/b/a Evergy)
Missouri Metro's Request for Authority to) Case No. ER-2022-0129
Implement A General Rate Increase for Electric)
Service)

In the Matter of Evergy Missouri West, Inc. d/b/a)
Evergy Missouri West's Request for Authority to) Case No. ER-2022-0130
Implement A General Rate Increase for Electric)
Service)

AFFIDAVIT OF BRIAN A. FILE

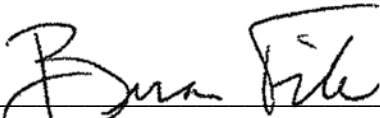
STATE OF MISSOURI)
) ss
COUNTY OF JACKSON)

Brian A. File, being first duly sworn on his oath, states:

1. My name is Brian A. File I work in Kansas City, Missouri, and I am employed by Evergy Metro, Inc. as Director – Demand Side Management, Energy Efficiency.

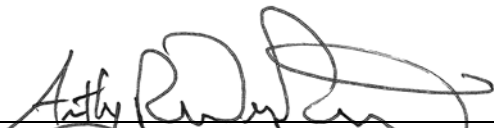
2. Attached hereto and made a part hereof for all purposes is my Surrebuttal Testimony on behalf of Evergy Missouri Metro and Evergy Missouri West consisting of ten (10) pages, having been prepared in written form for introduction into evidence in the above-captioned docket.

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.



Brian A. File

Subscribed and sworn before me this 15th day of August 2022.



Notary Public

My commission expires: 4/26/2025

