

4. Representatives from the Company, the OPC, and the Public Service Commission Staff have since met twice, once on March 28, 2023, and again on May 23, 2023.

Attachment of the OPC Email

5. Following the meeting on March 28, the OPC sent an email to representatives for Evergy seeking additional information and clarification.

6. While this email was not filed in EFIS, Evergy nevertheless decided to respond to the OPC's email with a filing in EFIS on April 26, 2023.

7. Evergy's filed response did not include a copy of the email sent by the OPC.

8. To ensure the completeness of the record, the OPC has included, a copy of the email sent by the OPC to Evergy on April 5, 2023, and referenced in the Company's filed *Response to OPC Questions Regarding the Planning of Time of Use Campaign*, as Attachment A to this filing.

OPC Memorandum concerning Time of Use Rates

9. Having received information from both the workshop meetings, the OPC has developed a memorandum to provide its response to Evergy's time of use stakeholder meetings and comments to date.

10. That Memorandum is included as Attachment B to this filing.

WHEREFORE, the Office of the Public Counsel respectfully requests the Commission accept this filing and all included attachments.

Marke, Geoff

From: Marke, Geoff
Sent: Wednesday, April 5, 2023 3:45 PM
To: 'Sarah Gott'; staffcounsel@psc.mo.gov; OPC Service; sdunbar@keyesfox.com; ejhubertz@wustl.edu; wds@wdspc.com; clumley@chgolaw.com; fcaro@polsinelli.com; spluta@polsinelli.com; aschulte@polsinelli.com; tim.opitz@opitzlawfirm.com; dwoodsmall@cswrgroup.com; dplescica@chgolaw.com; nicole.mers@psc.mo.gov; mellinger@ellingerlaw.com; mkl@smxblaw.com; PJM@smxblaw.com; Clizer, John; alissa@renewmo.org; Andrew@renewmo.org; bamorrison@greatriverslaw.org; srubenstein@greatriverslaw.org; ethompson@greatriverslaw.org; sbell@ellingerlaw.com; Jim Busch; Bolin, Kim
Cc: Roger W Steiner; Anthony Westenkirchner; Vaught, Dianna; Tony Mendoza; Scurlock, Whitney; Keevil, Jeff; Regulatory Affairs Dep; Poudel, Hari; Tevie, Justin; Sunil Bector; Lange, Sarah; Eubanks, Claire; Luebbert, J; Fortson, Brad; 'lisakremer@mchsi.com'; Martin, Anna
Subject: TOU feedback

Sarah et al,

Thank you for opportunity to provide input into the Evergy Metro/West TOU default roll-out. Below is OPC's collective input based on the feedback from the last meeting. We look forward to hearing from the Company in the near future. Please don't hesitate to call or email if you have any questions/concerns.

Requests for future meetings:

1. To the extent possible, an articulated and developed plan including the following:
 - a. The Company's explicitly stated goal(s) behind its Time-of-Use roll-out
 - b. A list of performance metrics to gauge success
 - c. Key deliverable dates of the overall roll-out timeline (ex. customer service training date, first wave of advertising, etc...)
 - i. Will Evergy be able to walk us through its planned actions from June through December on a month-by-month if not week-by-week basis?
 - d. A list of communication "touchpoints" or communication mediums and examples of the message.
 - i. billboards
 - ii. newspaper
 - iii. local news
 - iv. radio
 - v. internet and streaming services
 - vi. sports
 - vii. bill inserts, etc...
2. We are also requesting (as soon as possible):
 - a. A walk-through of on-bill portal experience including rate selection and on-going portal customer feedback

- b. Customer service script(s) and a general description of call-center training and staff numbers
 - c. A list of foreseeable issues with the rollout and what issue/threshold would trigger routing said call to a de-escalation representative.
3. Budget
- a. What is the anticipated budget and specific activities being funded
 - b. How will expenditures be tracked and would the Company be opposed to providing periodic updates on these expenditures

Additional Recommendations/Concerns:

- 1. Core focus should be on default 2-period TOU rate
 - a. There is a concern that the alternative rates will needlessly complicate the roll-out and could result in a suboptimal outcome if customer options are emphasized over the 2-period default TOU rate
- 2. Consider explicitly stating that the cost of energy varies at different times and that Evergy's TOU rates were designed to minimize costs to customers.
- 3. Consider specific targeting messaging that addresses or leverages:
 - a. Space heating customers approaching the winter season and/or
 - b. Impact (if any) on budget billing customers
 - c. Evergy West customers who will be impacted by securitization costs
 - d. Whether or not increased FAC costs should be part of the messaging
 - e. Opportunity to promote demand side management programs
- 4. Finally, we recommend that Evergy temper further expense for outside analysts in the future (e.g., Brattle).

Geoff Marke
Chief Economist
Missouri Office of the Public Counsel
(314) 956-4487 current phone
(573) 751-5563
Geoff.marke@opc.mo.gov

MEMORANDUM

To: Missouri Public Service Commission Official Case File,
Case No. EW-2023-0199

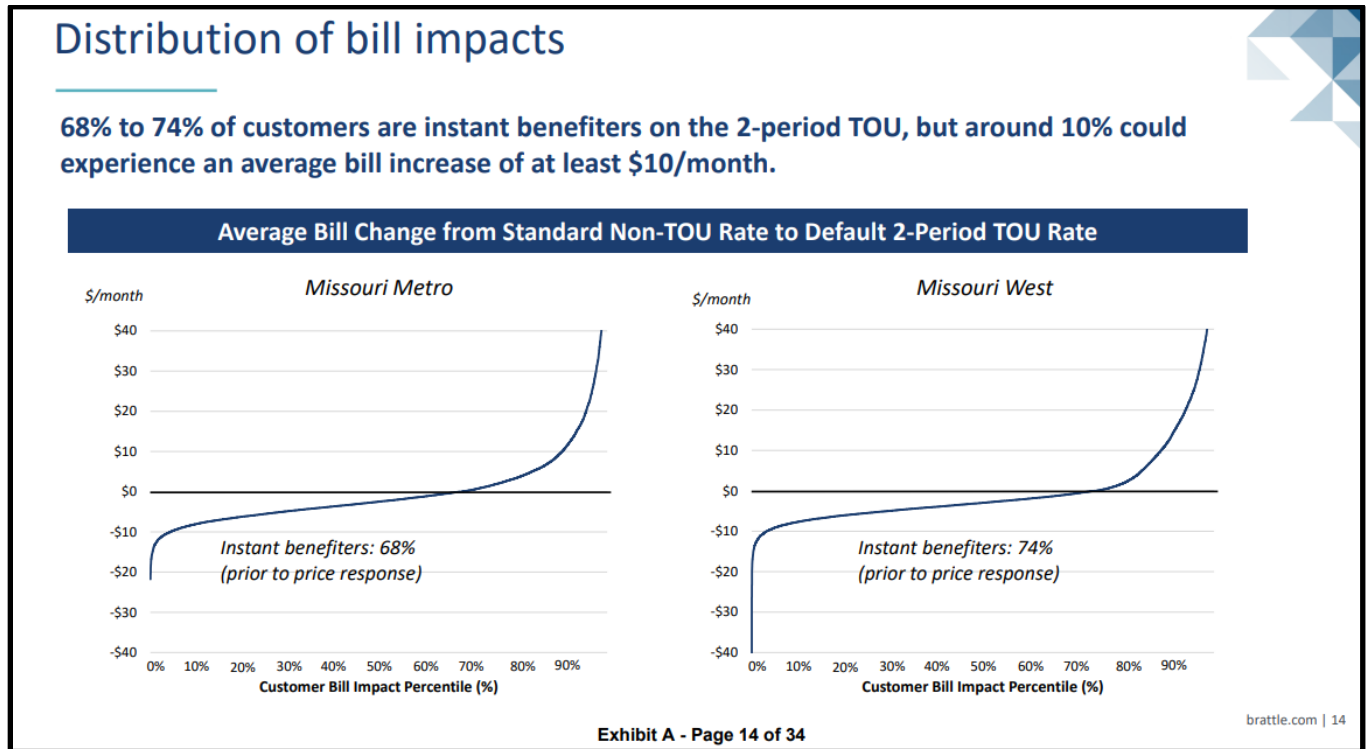
From: Lisa Kremer, 3rd Party Consultant to the OPC
Geoff Marke, Chief Economist
Missouri Office of the Public Counsel

Re: Response to Evergy Metro/West TOU Stakeholder Meetings and Comments to Date

Date: 7/14/2023

The Office of the Public Counsel (“OPC”) appreciates the time and effort Evergy Missouri, Inc.¹ (“Evergy” or “Company”) has spent meeting with shareholders to discuss Evergy’s transition to Time of Use (“TOU”) Rates. To level set the discussion, OPC calls attention to the recent analysis undertaken by the Brattle Group concerning Evergy’s new TOU rates. This study examined the overall distribution of bill impacts across both utilities and the impact of the default TOU by customer segment, which are shown respectively in Figures 1 and 2 below.

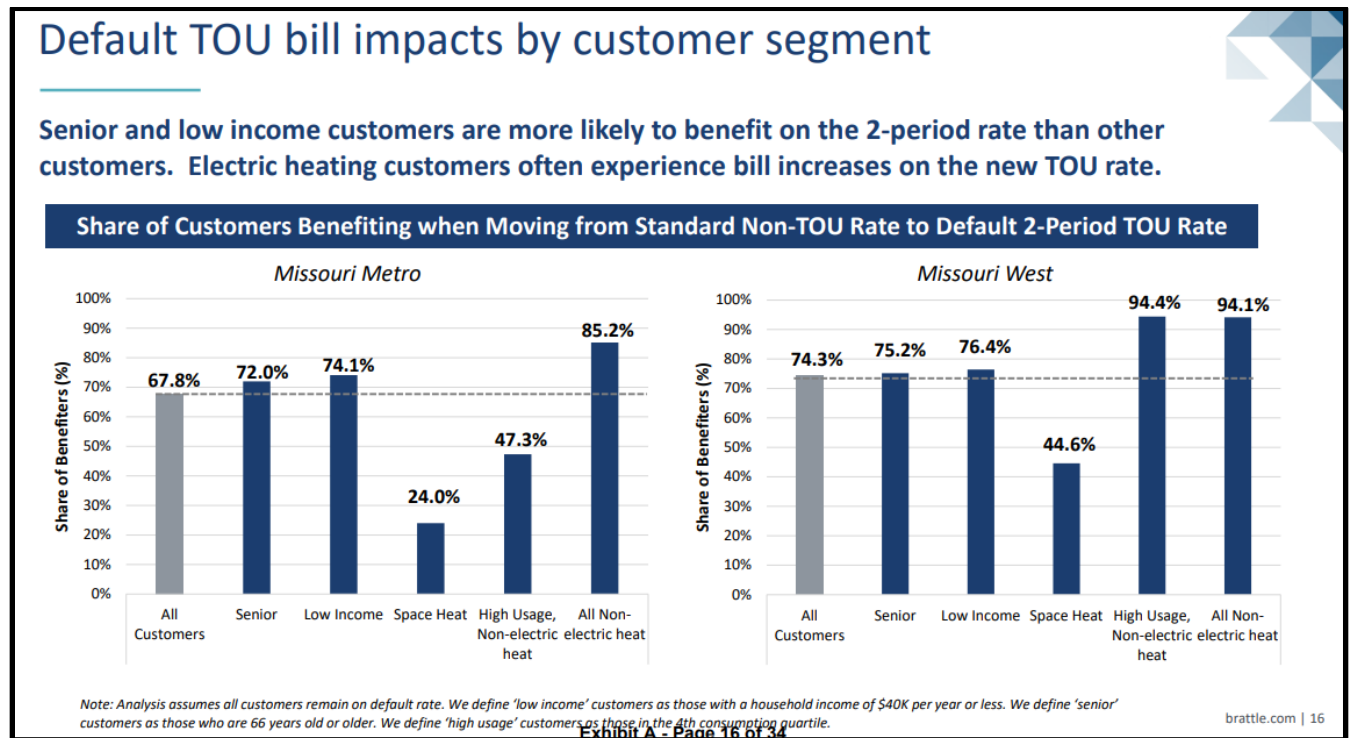
Figure 1: Distribution of bill impacts²



¹ A reference to both Evergy Missouri Metro, Inc. and Evergy Missouri West, Inc., jointly.

² Case No. EW-2023-0199 Time-of-Use Workshop 1 Exhibit A – page 14 of 34

Figure 2: Default TOU bill impacts by customer segment³



According to the Brattle Group, and assuming no behavioral changes by customers, the majority of Evergy’s customers are likely to benefit from the default TOU rate. Moreover, seniors and low-income customers (defined as a household income of \$40k or less) are expected to benefit more than other customers. If properly educated, these customers should be able to increase those numbers even further through simple modification of their energy usage behaviors. This will result in net benefits to all customers.

Despite the expected benefits from TOU rates that this study indicates, the OPC does note that the Brattle Group’s analysis suggests that some customer segments may not directly benefit from the transition. However, this information is potentially misleading. The customers that are projected to not benefit from the transition to TOU rates are predominantly space-heating customers. Many of these customers were previously enjoying a promotional rate that was particularly favorable for high usage customers. The removal of this promotional rate option, which is not directly related to the transition to TOU rates, is likely exacerbating the impact TOU rates will have on these customers.⁴

Time of Use rates are designed, in large part, to extract the value out of the hundreds of millions of dollars in sunk ratepayer investments that Evergy’s customers have already paid for through Advanced Metering Infrastructure (AMI) and Customer Care and Billing (CC&B). These rates should provide a unique and timely opportunity for customer education around the relationship

³ *Ibid.* page 16 of 34.

⁴ It should be noted that Evergy West customers will also likely see a bill increase related to securitization costs this winter. This will likely exacerbate the bill impact for these customers.

between electricity costs and customers' rates. It is incumbent on Evergy to help educate customers of the connection between costs and rates to provide customers a *fully-informed* opportunity to shift their power consumption to produce the lowest possible electric bills.

Initial Messaging:

As expressed in the May stakeholder meeting, education regarding the TOU rates offered to Evergy customers should be accurate and informational, without being alarmist. The OPC is concerned that Evergy's current messaging does not fully promote the benefits of TOU rates or explain the rationale behind the pricing change, which may lead some customers to hold an apprehensive view of this change. One example from the workshop includes "Message Idea"⁵ which contained the following language: "Missouri will be changing electric rate structures starting this Fall. Learn how to prepare." A slight variation of that message was recently realized on billboards throughout the Evergy Missouri Metro/West service territory as seen in Figure 3.

Figure 3: Evergy Missouri TOU billboard



OPC believes that this language may be construed by some customers as describing an imminent, negative event for which they should have concern. As an alternative, the OPC recommends that Evergy emphasize educating customers on the relationship between energy, demand, and the costs ultimately realized as a result of one's usage. Figures, 4 and 5 show a visual representation of that messaging made by Tucson Electric in its customer outreach efforts. Figure 6 and Figures 7 provides a variation of that theme across the day for Evoenergy from Australia.

⁵ Notice of Workshop Presentation, EO-2023-0199, EFIS Item No. 12, slide 12 (May 25, 2023).

Figure 4: Tucson Electric “Don’t tower your power”

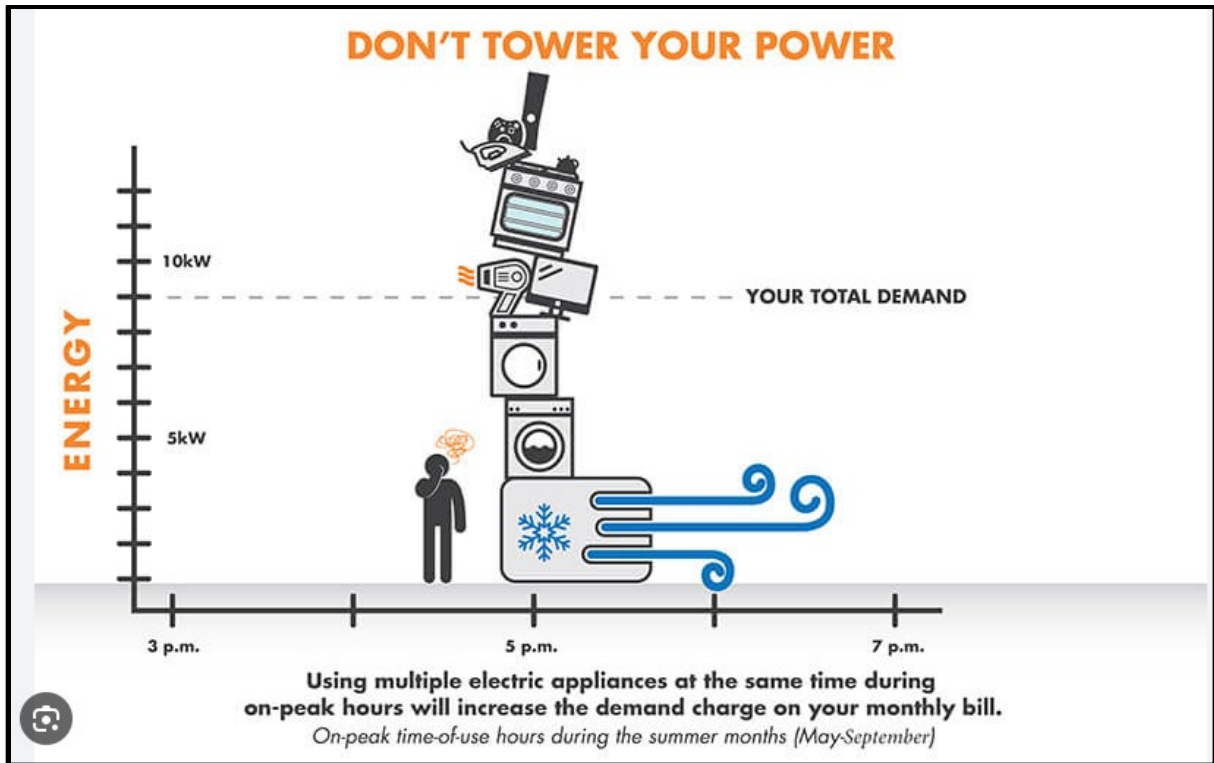


Figure 5: Tucson Electric “Level out your load”

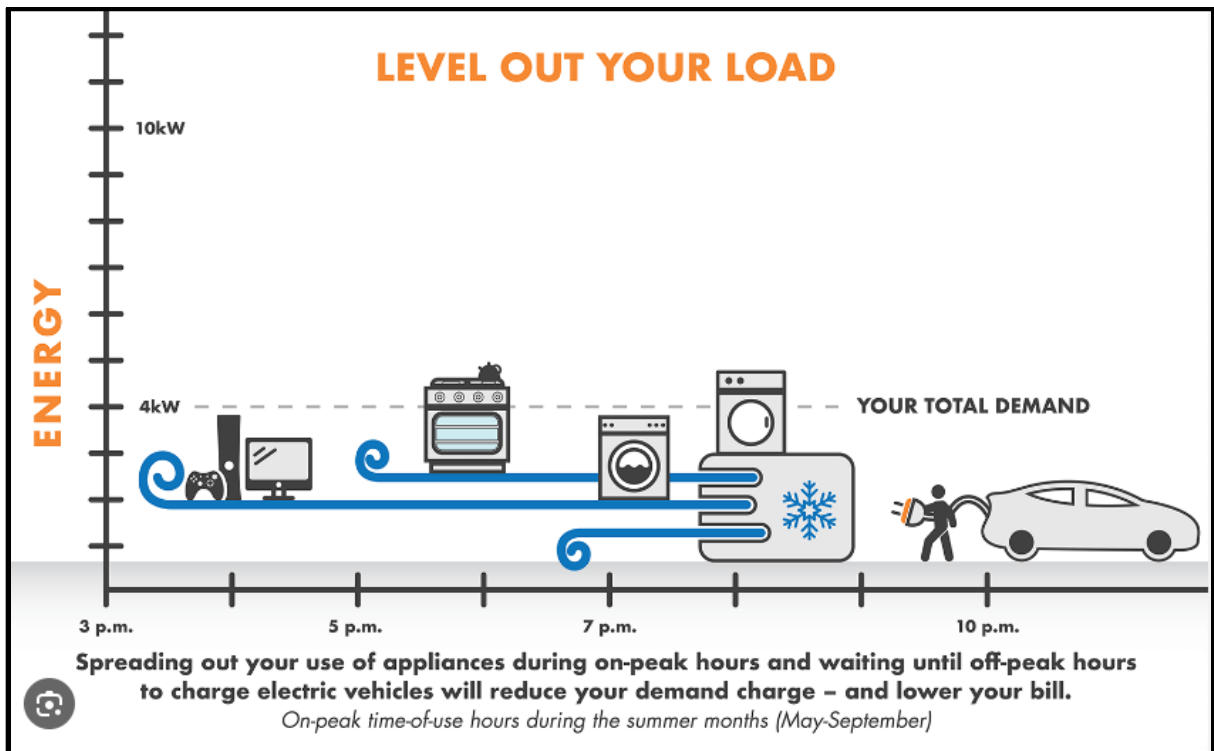


Figure 6: Evoenergy “High Peak Harry”

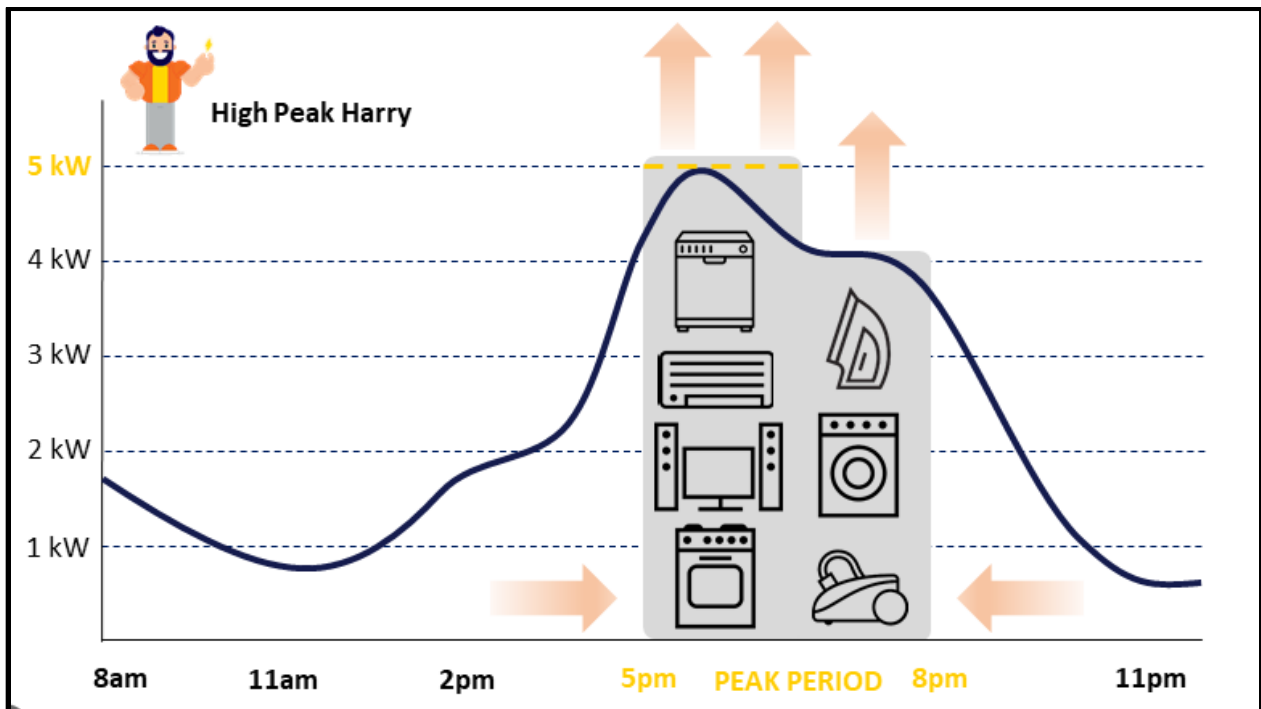
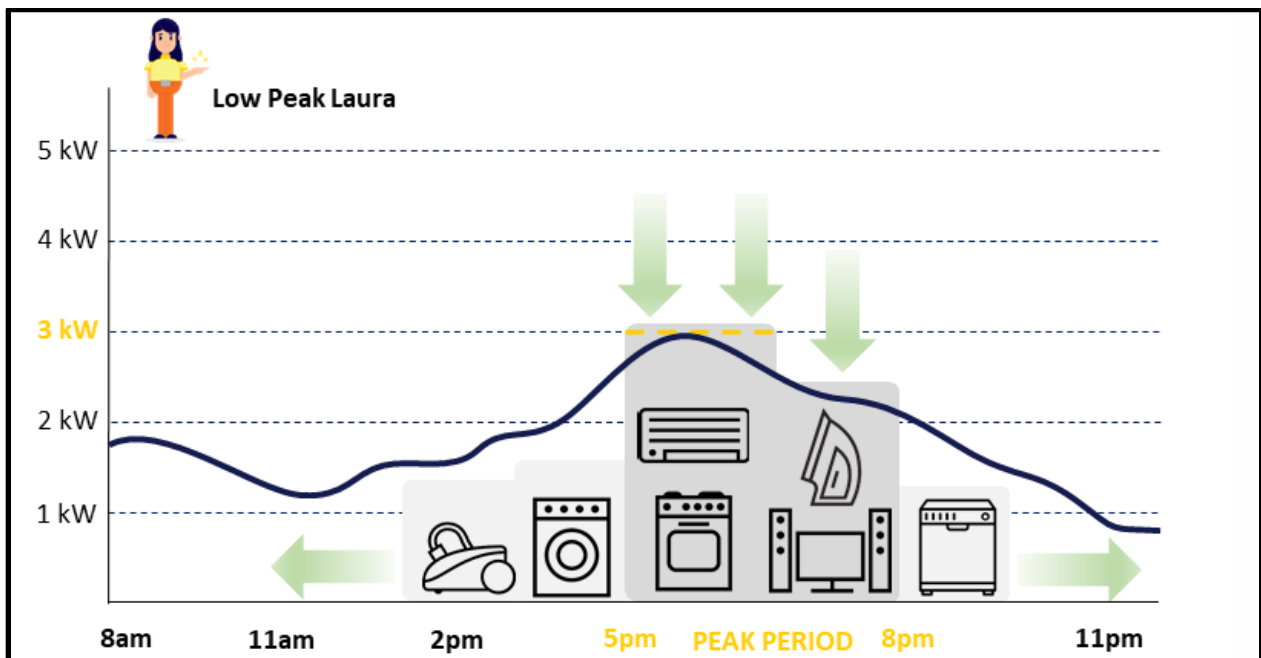


Figure 7: EvoEnergy “Low Peak Laura”



Importantly, the education component of this messaging needs to emphasize the supply/demand relationship of energy usage and energy costs. As seen above, when all customers behave like “High Peak Harry” there is a greater demand on the grid and more generation that needs to be utilized across the Southwest Power Pool to meet that load, resulting in increased costs for

everyone. Encouraging customers to act more like “Low Peak Laura” by contrast lowers the overall demand on the grid thereby lowering the costs incurred to serve all Evergy customers. This relationship between cost and energy demand means that the more accurate price signals created using TOU rates should result in net benefits for all customers.

Finally, we recommend that the Company consider a YouTube video that it can post and link to on the front page of its Missouri website (electronic billing, emails, etc...) as soon as possible. The following links are good examples that have been employed by other utilities within this medium.

San Diego Gas & Electric <https://www.youtube.com/watch?v=-tqxzXYtEbU>

Pacific Gas& Electric <https://www.youtube.com/watch?v=PT7OLaDWQIk>

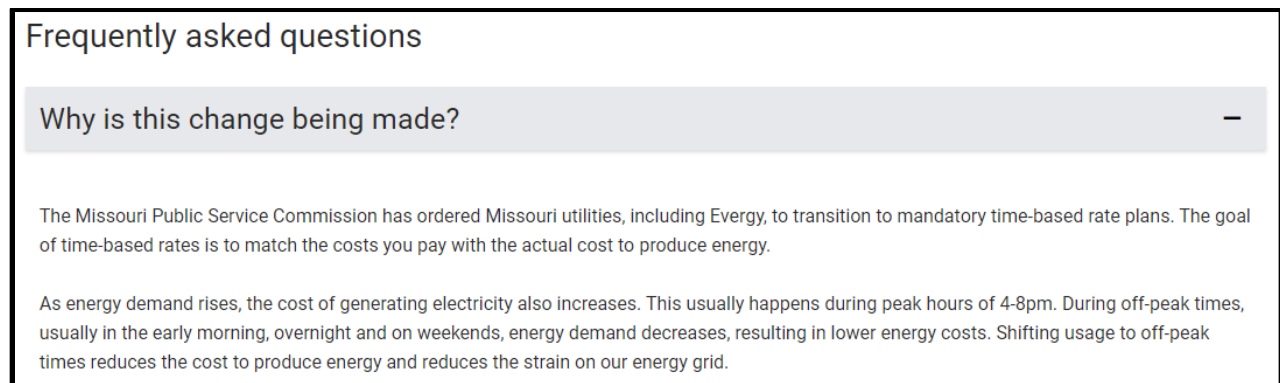
EnergySage: <https://www.youtube.com/watch?v=bLD1lBw5Ixx>

Midwest Electric (Co-Op): https://www.youtube.com/watch?v=_m8Q-tNSOZE

Ownership of Rates and Investments:

OPC recommends that Evergy not distance itself from ownership of these rates. Evergy’s current FAQ and excerpts to the press all lead with the assertion that the Missouri Public Service Commission ordered the Company to have these rates.⁶ This can be seen in Figure 7.

Figure 7: Evergy Missouri FAQ on TOU rates



TOU rates have long been promoted by the Company as a justification for its investment in AMI technology. These investments were sold to regulators on the basis that customers would have greater control, convenience, and choice through the use of TOU rates. AMI deployment began in January of 2014 and was completed in 2015 in Evergy Metro. It began in 2016 for Evergy West and was completed in 2020. The Company has arguably had nine years to prepare their customers for the value proposition of TOU rates, all while earning a healthy return for its investors on hundreds of millions of dollars in capital investments. Further, there has been, to date, at least fifteen ratepayer-funded studies conducted regarding TOU rates as it pertains to Evergy Metro and West, including the aforementioned Brattle Group study. Every one of these studies have reaffirmed the customer benefits that will become available if Evergy adopts TOU rates. Moreover,

⁶ See also Fox 4 News Kansas City (2023) Evergy to roll out time-of-use rates for Missouri customers. <https://www.youtube.com/watch?v=YOUWLtR9Cn0>

the Company itself proposed the adoption of TOU rates as part of this last general rate case. While the Commission may have issued the order approving the Company’s rates, (like they have in every rate case preceding this one), it is ultimately Evergy’s management that chose to make the investments in AMI technology that both facilitates and obliges the transition to TOU rates.

We are now 80 days away from TOU rates going into effect for Evergy Missouri customers and it is critically important that this transition be as smooth as possible as the ramifications will likely have implications for utilities and ratepayers across the country as they watch how this roll-out plays out. Customers, who are footing the bill for costly investments, should be the first consideration in the process of rate implementation.

Community Outreach:

The Company has indicated that it expanded its community outreach to include food pantries, libraries, and other social service organizations that are connected to the community and can help extend the Company’s reach to customers, especially hard to reach customers, due to stakeholder feedback.⁷ The Company further indicated that it will participate in over 60 community events to create awareness about its services and engage with potential customers.⁸ As a general matter, the OPC supports this commitment to Community involvement and outreach. However, the OPC cautions that the Company carefully consider its messaging during such events in relation to the concerns expressed in this memo. For that reason, the OPC recommends the Company seek Staff and OPC input on the training and materials related to the TOU transition it plans to provide at these community outreach events and further recommend that the Company file this information in EFIS for future Commission reference.

Finally, the OPC recommends that space heating customer outreach be a critical focus moving forward. Electric space heating customers were identified as a cohort that is likely to struggle the most with TOU rates in large part due to the fact that their previous promotional rate was particularly favorable for high usage customers. Finding ways to help these customers in particular should therefore be given extra urgency.

Third-Party Consultants:

The Company reviewed third-party proposals to assist with “Marketing and Communication Campaign For Time Of Use Rate Customer Education And Engagement.” **_____

_____ ** The OPC does not believe that the protection or enhancement of Evergy’s brand should drive the Company’s strategy around educating its Missouri customers.

⁷ *Evergy’s Reply to Staff Response to May 23, 2023 Presentation and Requests for Additional Information*, EO-2023-0199, EFIS Item No. 15, pg. 3 § 7 (June 23, 2023).

⁸ *Notice of Workshop Presentation*, EO-2023-0199, EFIS Item No. 12, slide 30 (May 25, 2023).

Another area of concern regarding Evergy's selection of its consultant is the firm's apparent lack of experience in this particular area. **_____

_____ ** The OPC hopes that this firm's limited experience in this area does not impede Evergy's attempt to educate and enlighten its ratepayers on TOU's benefits.

**_____

_____ ** The OPC questions the intention and value of the Company relaying this message to potential partners for work that the OPC expects Evergy will eventually request customers reimburse the Company for. Customers deserve a full and robust commitment toward their education in the utility rate options the Commission has ordered.

Measuring Success:

Evergy's presentations on its transition to TOU rates appear to highlight a theme of "customer success." Thus, the OPC would like to know Evergy's definition of "customer success" in relation to the TOU transition, as well as how Evergy will measure and verify that success. The Company has provided a number of measurement methods including:

Customer Awareness

- Awareness & Understanding Study
 - Baselined after May pre-campaign study
- Self-Selection into Rate
 - Customers who have pre-selected a TOU option

Business Impacts Monitoring

- Customer Feedback
 - Monitor customer calls, emails and web form feedback

Channel Performance

- Paid

- Overall impressions, click-through rate, bounce rate and page views based on benchmarks per channel
- Earned
 - Message recall and story sentiment
- Shared
 - Overall impressions, click-through rate, cost-per-click and landing page views based on benchmarks
- Owned
 - Open rates, landing page views and bounce rates

As presently drafted, these metrics are void of much detail. Moving forward, the OPC recommends the Company develop specific indicators (such as what specific Awareness and Understanding Study results) to denote “success” that customers understand Every Time of Use Rates. Similarly, the OPC recommends the Company develop indicators regarding the numbers or percentages of customers that self-select rates. OPC is interested in knowing whether the Company has developed targets or expected results on the two Customer Awareness Measurements of: Awareness & Understanding Survey and Self-Selection Into Rate metrics and if not encourages the Company to do so.

With regard to Business Impacts Monitoring – Customer Feedback identified above, customer comments and feedback can provide critical indication of customer satisfaction, engagement and understanding of a given program or concept. The OPC recommends the Company maintain a clear, documented record of all customer communication such as calls, e-mails, webform feedback, and social media comments regarding its TOU roll-out that could be reviewed by stakeholders including Staff, the OPC and the Commission should any request such documentation. This direct customer information will be valuable in evaluating customer TOU understanding and can also be helpful to address educational programming that may benefit from revision.

Concerning the items the Company presented under “Channel Performance” above, OPC offers that while there may be value in tracking “click through, bounce and page views” or other website educational material “views” by customers, such metrics may not necessarily be indicative of customer understanding of the TOU rates, or the quality or effectiveness of the educational messages developed.

Conclusion:

The OPC appreciates the opportunity to share its comments with all stakeholders on this important topic and looks forward to a continued conversation around, and movement toward Evergy Missouri customers' transition to TOU rates by the end of 2023. We believe the Company currently has the tools and personnel necessary to produce a successful roll-out of these new rates and offer these constructive comments for consideration as Evergy approaches its launch date. It remains in the Company's hands to seize and make proper use of these assets in order to ensure its new TOU rates are a success.

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

AFFIDAVIT OF GEOFF MARKE

STATE OF MISSOURI)
)
) SS.
COUNTY OF COLE)

COMES NOW GEOFF MARKE and on his oath declares that he is of sound mind and lawful age; that he contributed to the foregoing *Memorandum* and that the same is true and correct according to his best knowledge and belief.

Further the Affiant sayeth not.



Geoff Marke
Chief Economist

JURAT

Subscribed and sworn before me, a duly constituted and authorized Notary Public, in and for the County of Cole, State of Missouri, at my office in Jefferson City, on this 14th day of July, 2023.



TIFFANY HILDEBRAND
My Commission Expires
August 8, 2023
Cole County
Commission #15637121



Tiffany Hildebrand
Notary Public

My Commission expires August 8, 2023.

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

AFFIDAVIT OF LISA KREMER

STATE OF MISSOURI)
) SS.
COUNTY OF COLE)

COMES NOW LISA KREMER and on her oath declares that she is of sound mind and lawful age; that she contributed to the foregoing *Memorandum* and that the same is true and correct according to her best knowledge and belief.

Further the Affiant sayeth not.



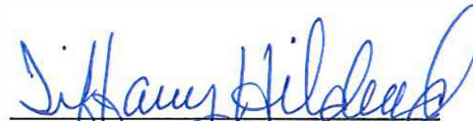
Lisa Kremer
Consultant

JURAT

Subscribed and sworn before me, a duly constituted and authorized Notary Public, in and for the County of Cole, State of Missouri, at my office in Jefferson City, on this 14th day of July, 2023.



TIFFANY HILDEBRAND
My Commission Expires
August 8, 2023
Cole County
Commission #15837121



Tiffany Hildebrand
Notary Public

My Commission expires August 8, 2023.