

BEFORE THE MISSOURI PUBLIC SERVICE COMMISSION

In the Matter of a Working Case to Consider)
Best Practices for Recovery of Past-Due Utility) File No. AW-2020-0356
Customer Payments After the COVID-19)
Pandemic Emergency)

**EVERGY MISSOURI METRO’S AND EVERGY MISSOURI WEST’S
RESPONSE TO ORDER DIRECTING FILING**

COMES NOW, Evergy Metro, Inc. d/b/a Evergy Missouri Metro (“Evergy Missouri Metro”) and Evergy Missouri West, Inc. d/b/a Evergy Missouri West (“Evergy Missouri West”) (collectively, “Evergy”),¹ and, pursuant to the Missouri Public Service Commission’s (“Commission”) *Notice of Ex Parte and Extra-Record Communications Concerns and Order Directing Responses* (“Order”) issued in the above-captioned docket on June 24, 2020, responds as follows:

RESPONSES TO QUESTIONS FOR UTILITIES

1. *What date did the company initiate the suspension of discontinuances of service as a result of the COVID-19 pandemic emergency?*

RESPONSE: March 13, 2020.

2. *Please describe practices used prior to the suspension of customer discontinuances that were used to minimize past due accounts receivable.*

RESPONSE: Our normal practice includes offering normal payment arrangements. Our collection practice timeline includes sending a disconnect notice to customers with past due balances of \$250 or greater. We follow that up with a courtesy collection call and ultimately issue a “Cut for Non-Pay” field order if payment or appropriate arrangements have not been completed.

¹ Effective October 7, 2019, Evergy Metro Inc. d/b/a Evergy Missouri Metro adopted the service territory and tariffs of Kansas City Power & Light Company (“KCP&L”) and Evergy Missouri West, Inc. d/b/a Evergy Missouri West adopted the service territory and tariffs of KCP&L Greater Missouri Operations Company (“GMO”).

Please note that due to resource limitations not all customers get “Cut for Non-Pay” even if they are eligible.

3. *Please describe efforts made since the suspension of discontinuances to mitigate past due accounts receivable.*

RESPONSE: From March 13, 2020 until Mid-April we continued to send disconnect notices and make courtesy collection calls because the initial suspension of disconnection ran only through May 1st. However, after realizing that we would need to suspend disconnections for a longer period due to the pandemic, we turned off the regular disconnect process and collection calls. At that time, we began sending Past Due Reminder letters to customers with \$250 or greater of arrears. These letters encouraged making whatever payment could be made or setting up arrangements as well as providing assistance information related to Low Income Home Energy Assistance Program (“LIHEAP”). In June, we stopped sending past due letters and began making proactive calls to residential customers that did not have email addresses offering new payment arrangements etc. We also utilized emails and post cards for the proactive campaign before turning on our regular collection efforts (disconnect notices & collection calls).

4. *Please provide examples of customer communication regarding changes in collection practices related to accounts subject to discontinuance.*

RESPONSE: Please see **Exhibits 1, 2, and 3** for communication examples.

5. *Please describe any changes in procedures related to customer payment arrangements since initiating the suspension of discontinuances of service.*

RESPONSE: In March 2020 we began offering 12-month payment arrangements for residential and small commercial. We allowed the customer to reset if a previous payment arrangement had been broken and allowed customers that had been disconnected previously to get

on this payment plan. We also worked with Large C&I customers on a case by case basis. In June we implemented the four-month plan and a one-month Pay Your Balance plan that included credits as incentives to help customers get current more quickly. We also continued to offer the 12-month plan.²

6. *Please provide documentation of the number of customers with payment arrangements, on a monthly basis, by customer class, from March 2016 to 2020 YTD. For each period, provide the number of Cold Weather Rule and non-Cold Weather Rule payment arrangements for residential customers.*

RESPONSE: Please see **Exhibit 4** for payment arrangement data from May 2018 to 2020 YTD. In May of 2018 Evergy implemented a new customer billing system. As a result, Evergy cannot obtain history prior to that time frame.

7. *Please describe the alternatives discussed by company management to collect past due accounts receivable without unduly burdening vulnerable customers when discontinuances of service are resumed. For each alternative, please describe the associated advantages and disadvantages. Please describe how alternatives to collect past due accounts receivable will be communicated to customers.*

RESPONSE: Please see the May 22, 2020 Evergy filing that outlines the drivers and details for alternative programs proposed and implemented by Evergy.³ For reference to the customer communication plan initiated by Evergy in an effort to promote customer awareness of Evergy's COVID-19 alternative customer programs, please see attached **Exhibit 3**. This robust customer communication plan includes direct outreach to customers via multiple channels

² See, *Evergy Application for Approval of COVID-19 Customer Programs and Motion for Expedited Treatment*, filed May 22, 2020; and Commission Order issued May 28, 2020; Docket No. EO-2020-0383.

³ See, *Evergy Application for Approval of COVID-19 Customer Programs and Motion for Expedited Treatment*, filed May 22, 2020; Docket No. EO-2020-0383.

(including e-mail, postcards and outbound phone calls). Evergy began sending e-mails on June 15, 2020; and through June 25, 2020 had sent e-mails advising of the availability of payment plan incentives to approximately 85,000 customers system-wide in both Missouri and Kansas. Evergy began mailing postcards on June 22, 2020; and through June 25, 2020 had mailed post cards advising of the availability of payment plan incentives to approximately 30,000 customers. Outbound calls advising of the availability of payment plan incentives were targeted to approximately 15,500 customers through June 25, 2020.

8. *What criteria will be used to determine the timing for resuming discontinuances of service?*

RESPONSE: We determined to resume discontinuance of service on July 16, 2020. Criteria included the time of opening back of businesses and removal of “Stay at Home” orders in our service territories.

9. *If applicable, describe COVID-19 related changes to the company’s community-funded assistance program (i.e. Dollar More, Dollar Help etc.). If eligibility requirements were modified in an effort to assist more customers, did the changes result in increased pledges on customer accounts, please explain.*

RESPONSE: Please see **Exhibit 2** the news release, *Evergy pledges \$2.2 million to local COVID-19 relief in historic commitment.*

The Dollar-Aide Covid-19 Community Relief Fund began June 10th and runs through December 31st or until funding is depleted. In an effort to assist more customers, the poverty limit for the Dollar Aide program was raised from 150% to 200%. The Mid America Assistance Coalition (“MAAC”), the organization that manages Evergy’s Dollar Aide funds, reported that

they have not seen a significant increase in pledges. However, with the moratorium on disconnects ending the week of July 13th, an increase is anticipated.

10. *Please identify the amount of revenues foregone as of June 30, 2020 due to the COVID-19 pandemic by revenue type, such as late fees, reconnection fees, etc. (Note: This should not include any estimates of “lost revenues” due to a reduction in sales to customers attributable to the COVID-19 pandemic or economic downturn, which is being requested separately below). Also, please provide an estimation for the period of July 1, 2020 through December 31, 2020 for the revenues forgone.*

RESPONSE: Response contains Confidential information and will be provided separately to the Office of Public Counsel (“OPC”) and the Staff for the Commission (“Staff”).

11. *Please provide the change in revenues on an overall basis, and by rate class, by month, starting with February 2020 through June 2020 and the amount attributable to the impacts of the COVID-19 pandemic. Also, please provide estimated revenue changes, by rate class for the period July 1, 2020 through December 31, 2020.*

RESPONSE: Response contains Confidential information and will be provided separately to the “OPC” and the Staff for the Commission “Staff.”

12. *Please quantify for each of the following costs that has been incurred due to the COVID-19 pandemic to date: incremental bad debt expense, incremental costs to allow employees to work at home, additional cleaning expense, protective supplies for employees, costs related to new assistance programs implemented to aid customers with payment of bills, costs incurred for possible sequestration, and any other cost tracked by your utility. Also provide a current annual projection for each of these costs.*

RESPONSE: Response contains Confidential information and will be provided separately to the “OPC” and the Staff for the Commission “Staff.”

13. *Please quantify for each of the following categories the savings that has been realized due to the COVID-19 pandemic to date: external travel costs, external training costs, utilities expense for office use, or any other savings category tracked by your utility. Also provide a current annual projection for each of these savings categories.*

RESPONSE: Response contains Confidential information and will be provided separately to the OPC and the Staff.

14. *Please provide a detailed estimate/projection of any COVID-19 related costs that might be covered by governmental reimbursement programs (federal and/or state). Have applications been made for any federal or state grants, loans or other measures of assistance associated with the COVID-19 pandemic? If so, please provide a list of such.*

RESPONSE: Response contains Confidential information and will be provided separately to the OPC and the Staff.

15. *Are limitations being placed on hiring, salary/benefit increases, discretionary construction expenditures, etc. due to the COVID-19 pandemic or any other reason? If yes, please provide documentation setting out the reasons for and the terms of such limitations.*

RESPONSE: Evergy has not placed any limitations on hiring or salary/benefit increases due to the COVID-19 pandemic. Evergy leadership continuously reviews its strategic plans seeking operational improvements and cost reduction opportunities to increase customer and shareholder value. As part of those reviews, many organizational initiatives or programs may be considered; however, no changes to hiring or salary and benefits have been put in place at this time.

We do not currently have restrictions on discretionary construction expenditures. However, some projects have been deferred until later in the year and may be pushed to 2021 due to our commitment to social distancing. We continue to evaluate the impacts of COVID-19 and should the situation change, we have the flexibility to revise our capital plans as necessary.

16. *Have employee layoffs occurred due to the COVID-19 pandemic? If so, how many employees were released? Have or will the implementation of any voluntary employee reduction programs in 2020 for COVID-19 or other reasons occur? If yes, please provide the timing of the program, and its rationale.*

RESPONSE: Evergy has not had any layoffs due to the COVID-19 pandemic and no voluntary employee reduction programs are being implemented due to the COVID-19 pandemic. One voluntary employee exit program was implemented early in 2020, but was not related to the pandemic, but to help achieve desired union staffing levels at the legacy KCP&L generating plants. Approximately 100 employees elected to participate in the program terminating their employment between mid-April and the end of the year with a majority (85%) leaving before May 1, 2020.

Evergy leadership continuously reviews its strategic plans seeking operational improvements and cost reduction opportunities to increase customer and shareholder value. As part of those reviews, many organizational initiatives or programs are considered including those related to organizational structure, span of control, and staffing levels. Evergy recently announced that it is offering voluntary exit programs (“VEP”) for eligible non-union employees.

17. Please describe any programs now being implemented or planned to be implemented in the future to assist customers in returning to current status.

RESPONSE: Please refer to the programs described in the May 22, 2020 *Evergy Application for Approval of COVID-19 Customer Programs* filing.⁴

18. Please describe any programs now being implemented or planned to be implemented in the future to assist the most vulnerable or at-risk customers.

RESPONSE: Please refer to the programs described in the May 22, 2020 *Evergy Application for Approval of COVID-19 Customer Programs* filing⁵ as well as **Exhibit 2** the news release, *Evergy pledges \$2.2 million to local COVID-19 relief in historic commitment*. In addition, customer outreach efforts include partnerships with organizations that continue to provide support such as food distribution. Evergy provided approximately 16,500 flyers about MO Summer ECIP funding, as well as LIHEAP applications for those receiving food. Various back-to-school events that typically target low-income households, have been scheduled over the next upcoming weeks, of which Evergy will provide the same flyers and applications to those events for distribution. Also, a video was created for Evergy.com and social media pages that talk through key points of

⁴ See, *Evergy Application for Approval of COVID-19 Customer Programs and Motion for Expedited Treatment*, filed May 22, 2020; Docket No. EO-2020-0383.

⁵ See, *Evergy Application for Approval of COVID-19 Customer Programs and Motion for Expedited Treatment*, filed May 22, 2020; Docket No. EO-2020-0383.

how to apply for LIHEAP (summer ECIP) and to promote the increase of assistance dollars from \$300 to \$600 per qualifying household; English and Spanish versions created.

19. *For electric providers – Please provide any class changes in load overall and by customer class by month starting in February 2020.*

RESPONSE: Response contains Confidential information and will be provided separately to the OPC and the Staff.

20. *Please provide, and update as appropriate, the timing of the company’s plans to restart collecting late fees from customers and when the company may begin disconnecting customers for non-payment.*

RESPONSE: We do not plan to charge late fees until 2021. However, we will begin disconnecting customers for non-payment beginning July 16, 2020.

21. *If your utility has not already filed an application with the Commission requesting special accounting treatment of incremental COVID-19 costs and/or “lost revenues,” do you plan to do so at some point in the future? If yes, please discuss the timing of the application and the types of financial impacts you would request be included.*

RESPONSE: Evergy filed an Application for Accounting Authority Order Related to COVID-19 Costs and Financial Impacts on May 6, 2020, in Case File Number EU-2020-0350.

WHEREFORE, Evergy Missouri Metro and Evergy Missouri West respectfully submit the attached responses pursuant to the Commission's Order.

Respectfully submitted,

/s/ Robert J. Hack

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**Attorneys for Evergy Missouri Metro and
Evergy Missouri West**

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the above and foregoing document was served upon all counsel for Staff and the Office of the Public Counsel on this 15th day of July 2020, via e-mail.

/s/ Robert J. Hack

Robert J. Hack