

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

In the Matter of a Collaborative Workshop for)
Customer Education and Outreach Regarding)
The Introduction of Default Time-of-Use Rates) **File No. EW-2023-0199**
By Evergy Metro, Inc. d/b/a Evergy Missouri)
Metro and Evergy Missouri West, Inc. d/b/a)
Evergy Missouri West)

**STAFF RESPONSE TO MAY 23, 2023 PRESENTATION AND
REQUESTS FOR ADDITIONAL INFORMATION**

COMES NOW the Staff of the Missouri Public Service Commission, and for its *Staff Response to May 23, 2023 Presentation and Requests for Additional Information*, states as follows:

1. Given the Commission’s interest in this matter, Staff is filing its feedback in this working docket, and requests that Evergy Metro, Inc. d/b/a Evergy Missouri Metro and Evergy Missouri West, Inc. d/b/a Evergy Missouri West (collectively, “Evergy” or the “Company”) provide its responses to the information requests included here-in in this working docket to the extent practicable.

General Staff Concerns and Feedback

2. Staff is concerned that the names selected for rate plans, and sample promotional language provided concerning rate plans do not adequately apprise customers of the differences between rate plans, are likely to mislead customers concerning the relative bill risk of various rate plans, and fail to meaningfully educate customers concerning either the relationship between aggregated customer energy usage and the rate plan design or the relationship between individual customer energy usage and that customer’s resultant bill.

3. Staff notes that the rate plan names and sample promotional language were provided at a point in the development process that will not facilitate meaningful feedback from Staff and other stakeholders, despite Staff's invitation that Evergy communicate with Staff between formal presentations as necessary.

4. Staff notes that the direction of the promotional materials and rate plan names fails to achieve the primary focus, which should be on educating customers of the bill impacts expected under default ToU rate, and education on how the rate applies to customers' usage. Staff notes that the plan names and promotional materials focus on the potential for discounts and savings, which is not the most reasonable aspect to emphasize under the circumstances and time constraints of this case. Rather, Evergy should prioritize its educational materials to the time period prior to rate plan changes in fall of 2024, and should focus the messaging to education on the actual designs and rates of the rate plan - with particular emphasis on the default rate plan – and on warning of potential bill increases.

5. Staff recommends that Evergy prioritize education of customers who will be getting seasonal or annual bill increases on the default rate plan. Staff warns against dilution of this priority education with marketing that is less educational and more corporate puffery related to "savings." It is not necessary to educate those customers that are expected to experience seasonal and annual bill reductions due to elimination of space heating discounts.¹ It is Staff's understanding that the 10 month delay in rate implementation was intended to educate customers about the potential for bill increases,

¹ Because of the elimination of the space heating discounts, those customers who were not served on discounted rates will be experiencing reductions in revenue responsibility. This change is occurring in tandem with the transitioning of customers to the time-based rate plans.

and would not be necessary for customers experiencing bill reductions. However, Staff recommends that Evergy provide information about the times of day associated with higher and lower rate elements to all customers, whether or not those customers are anticipated to be automatic savers due to the elimination of the space heating discounts or those customers' prior usage patterns.

Specific Staff Concerns and Feedback

6. Names ("Seasonal") and materials should emphasize time of day aspects, not simply exploiting the current seasonal differential that is subject to change in future rate proceedings.

7. "Savings" is not helpful in naming, and is setting up dissatisfied customers when increases are experienced. Names should be neutral, neutrally descriptive, or emphasize bill risk, not optimistic opportunities for saving. Names should not prey on least informed customers. The "Max Savings" rate in particular runs a heightened risk of confusion, by inverting the traditional naming conventions customers may be used to with subscription services where similar names imply that a lower quality product is offered at a lower rate, not that the same product is offered with higher bill risk.

8. Evergy's "Overarching Campaign Message" is set out on Slide 14. Staff is concerned that the messaging is not educational. Specific suggested modifications are illustrated below:

Evergy Missouri is changing electric rate structures this Fall, and Evergy is here to help you understand your new rate options, how to pick a plan that is best for your home, and how to be successful on the new plan as the seasons change. This means that Missouri customers will have a choice of electric rate plans that fit their household. The new rate plans charge higher rates for energy used at peak times, and lower rates for energy

~~used at other times. The new rate plans will help you save money when using less energy during peak times, when people use it most.~~

Phase 2 Evergy is offering new rate plans ~~to charge you more for energy used to help you save money by using less energy~~ during peak times, when people ~~place the use it most demand and energy costs are highest, and to charge you less for energy used at other times when people have lower demand and energy costs are lower.~~ Learn which plan may be best for you ~~and to know what to expect when your new bill arrives. -and New rates will become effective select an option by~~ October 2023, ~~you may select an option now, or at a later time.~~”

Phase 3 Your new rate plan will start in October/November. You ~~may be able to can~~ save money on your new rate plan by shifting usage away from the peak hours of 4-8pm, learn how. ~~These rates charge you more for energy when it is in high demand and costly to generate, and charge you less when demand is lower and it is less costly to generate. Learn what to expect when your new bill arrives.~~”

Phase 4 & 5 As seasons change, Evergy will support you with customized rate education and usage reports to help you ~~understand your usage in each rate time period so that you can manage maximize savings on your new time-based rate plan your bill and know what to expect when your bill comes.~~

9. Evergy’s proposed rate plan names were first provided to Staff at slide 15 of the materials provided Friday, May 19, 2023 at 5:14 PM. The “Saver” names Evergy selected are not helpful to customers. Staff is concerned that marketing rate plans under the name “Saver” does not benefit customers who need to be educated as to coming bill increases. The names provided are not descriptive nor indicative of a continuum of risk, and it does a disservice to customers to imply that riskiest plans are best or “Max Saver”. “A,” “B,” “C,” and “D” would be reasonable and would require the customer to understand the plan before electing it. Staff is concerned that based on the presentation provided on May 23, a customer could elect a plan based on Evergy’s promotional language without

actually being informed of the relevant time periods or rate levels of the subject plan (much less the time periods and rate levels of other plans).

10. Staff recommends simple descriptive names for each rate plan, with materials primarily illustrating the relevant time periods and rates for each rate plan. Staff will address the draft promotional copy for each rate plan as provided by Evergy on slides 16 and 42 of the May 23 presentation.

11. Concerning the default rate as ordered by the Commission, currently tariffed as “**Residential Time of Use – Two Period.**” Staff suggests retention of the existing tariff name, or if modified, one of the following rate plan names, “Rate Plan A,” “Default Residential Rate Plan,” or “Standard Time-Based Residential Rate,” or some similar title derived from combinations of these concepts.

Evergy’s proposed name and promotional copy provided on slide 16:

“Seasonal Peak Saver: You can save from October to May on discounted energy prices. From June to September you can save by avoiding using energy from 4 pm to 8 pm when energy prices peak.”

Evergy’s proposed promotional copy provided on slide 42:

“Seasonal Peak Saver: This is our new standard plan that offers a discounted price for electricity 8 months out of the year. *See more.*” Note, “See more” language was not provided.

Staff’s concerns:

Evergy’s proposal does not provide any indication of the time periods in play in the non-summer season. Evergy’s proposal promotes a seasonal discount although for the average customer the seasonal revenue recovery on this rate plan is equal to the seasonal revenue recovery on the Staff’s recommended transition rate design (Rate Plan B). This rate plan does not, in fact, produce a discount for all customers, and seasonal variations in pricing are subject to change in every rate case.

The magnitude of rate variation is not disclosed, and the proposed promotional language fails to provide any education concerning energy supply costs and provides only a very vague reference to energy demand characteristics in the version of content provided on slide 16.

Staff suggested educational language:

If you do not choose a different rate plan, this will be your default rate plan beginning with your bill for electric service in October of 2023. The charges under this rate plan are \$0.XXX/kWh during the summer months from 4pm-8pm, Monday through Friday, excluding holidays, and 0.XXX/kWh during other hours in the summer. The charges under this rate plan are \$0.XXX/kWh during the all other months from midnight to 6 am, every day, and 0.XXX/kWh during other hours. These rates charge you more for energy when it is in high demand and more costly to generate, and charge you less when demand is lower and it is less costly to generate. Rates are subject to change in future rate cases before the Missouri Public Service Commission. Your RESRAM, Rider EEIC, Rider FAC, and Securitization Charge rates do not vary with the time of day when you consume electricity.

12. Concerning Staff's recommended transition rate design in rate case, currently tariffed as "**Residential Peak Adjustment Service**," Staff suggests retention of the existing tariff name, or if modified, one of the following rate plan names, "Rate Plan B," "Optional off-peak credit and peak-charge rate," "Optional Low-Differential Time-Based Residential Rate."

Evergy's proposed name and promotional copy provided on slide 16:

"Peak Reward Saver: This plan has a set energy rate, no matter the time of day or week, but includes discount credits from midnight to 6 am and extra charges from 4 pm to 8 pm when energy prices peak"

Evergy's proposed promotional copy provided on slide 42:

"Peak Reward Saver: Get a set rate most of the day, plus earn bill credits for electricity used overnight. See *more*." Note, "See more" language was not provided.

Staff's concerns:

The language is confusing by first claiming that the energy rate is set most of the day, and then introducing a concept of credits and extra charges. The slide 42 language does not disclose the extra charges.

The magnitude of rate variation is not disclosed, and the proposed promotional language provides only a vague reference to concerning energy supply costs in the version provided on slide 16 and does not provide education concerning energy demand characteristics.

Staff suggested educational language:

The “Residential Time of Use – Two Period” rate plan is your default rate plan. However, you may choose to take service under the optional “Residential Peak Adjustment Service” rate plan. Energy charges on the Residential Peak Adjustment Rate plan are similar to the charges of your current rate plan, but your usage on the new Residential Peak Adjustment Service rate plan will include an additional charge of one cent per kWh for energy you use between 4 pm and 8 pm each day, and you will receive a discount on energy you use between midnight and 6 am. During summer months, the discount is one cent per kWh, and during other months the discount is \$0.0025 per kWh. The adjustments on this rate plan increase your charges for the electricity you use when electricity is in high demand and more costly to generate, and reduce your charges for the electricity you use when demand is lower and electricity is less costly to generate. Rates are subject to change in future rate cases before the Missouri Public Service Commission. Your RESRAM, Rider EEIC, Rider FAC, and Securitization Charge rates do not vary with the time of day when you consume electricity.

13. Concerning the existing ToU rate plan, currently tariffed as “**Residential Time of Use – Three Period,**” Staff suggests retention of the existing tariff name, or if modified, one of the following rate plan names, “Rate Plan C,” “Medium Differential Time of Use Residential Rate,” or “Optional Time-Based Residential Rate.”

Energys’s proposed name and promotional copy provided on slide 16:

“Nights & Weekends Saver: You can save on lower energy prices from 6am to 4 pm and even lower energy prices from midnight to 6 am. On weekdays avoid using energy from 4 pm to 8 pm because it is more expensive, while weekends and holidays costs stay consistent and so do the savings.”

Evergy’s proposed promotional copy provided on slide 42:

“Nights & Weekends Saver: Designed with budget or sustainability focused energy users in mind, this plan offers a lower energy price overnight. *See more.*” Note, “See more” language was not provided.

Staff’s concerns:

This rate plan has significant bill risk and should not be marketed as a “budget” plan. Otherwise, Evergy’s proposed language includes more information than other proposals, but can be improved to better educate customers. For example, customers do not have to avoid using energy at certain times, and customers may take that language literally.

Staff suggested educational language:

The “Residential Time of Use – Two Period” rate plan is your default rate plan. However, you may choose to take service under the optional “Residential Time of Use – Three Period” rate plan. The charges under this rate plan are \$0.XXX/kWh during the summer months from 4pm-8pm, Monday through Friday, excluding holidays, \$0.XXX/kWh during the summer months from midnight to 6:00 am every day, and 0.XXX/kWh during other hours in the summer. The charges under this rate plan are \$0.XXX/kWh during all other months from 4pm-8pm, Monday through Friday, excluding holidays, \$0.XXX/kWh during the all other months from midnight to 6 am, every day, and 0.XXX/kWh during other hours. These rates charge you more for energy when it is in high demand and more costly to generate, and charge you less when demand is lower and it is less costly to generate. Rates are subject to change in future rate cases before the Missouri Public Service Commission. Your RESRAM, Rider EEIC, Rider FAC, and Securitization Charge rates do not vary with the time of day when you consume electricity.

14. Concerning the newly-approved high differential ToU rate plan, currently tariffed as “Residential High Differential Time of Use” Staff suggests retention of the existing tariff name, or if modified, one of the following rate plan names, “Rate Plan D,” “High Differential Time of Use Residential Rate,” “Optional High-Differential Time-Based Residential Rate.”

Evergy’s proposed name and promotional copy provided on slide 16:

“Nights & Weekends Max Saver: This plan is for heavy energy users or EV drivers but anyone can use it. It has three price periods: most expensive (4 pm to 8 pm), less expensive (6 am to 4pm and 8 pm to midnight), and least expensive (midnight to 6 am).”

Evergny's proposed promotional copy provided on slide 42:

"Nights & Weekends Max Saver: Designed with EV drivers in mind, this plan offers a very low energy price overnight. *See more.*" Note, "See more" language was not provided.

Staff's concerns:

This rate plan has significant bill risk, which is not adequately disclosed, and may not be suitable at all for "heavy energy users." This plan may not be suitable for all EV drivers, and the "very low" energy price overnight should not be mentioned without explicit reference to the very high energy prices applicable to other usage.

Staff suggested educational language:

The "Residential Time of Use – Two Period" rate plan is your default rate plan. However, you may choose to take service under the optional "Residential High Differential Time of Use" rate plan. The charges under this rate plan are \$0.XXX/kWh during the summer months from 4pm-8pm, Monday through Friday, excluding holidays, \$0.XXX/kWh during the summer months from midnight to 6:00 am every day, and 0.XXX/kWh during other hours in the summer. The charges under this rate plan are \$0.XXX/kWh during all other months from 4pm-8pm, Monday through Friday, excluding holidays, \$0.XXX/kWh during the all other months from midnight to 6 am, every day, and 0.XXX/kWh during other hours. These rates charge more for energy when it is in high demand and more costly to generate, and less when demand is lower and it is less costly to generate. Rates are subject to change in future rate cases before the Missouri Public Service Commission. Your RESRAM, Rider EEIC, Rider FAC, and Securitization Charge rates do not vary with the time of day when you consume electricity.

15. Evergny's "Messaging Approach" is set out on Slide 22. Staff is concerned that the messaging is not educational. Specific suggested modifications are illustrated below:

Attention Evergny Missouri customers: the way you are billed for energy is changing. New rates will charge you more for charge more for energy when it is in high demand and costly to generate, and charge you less when demand is lower and it is less costly to generate. it's time to take control of your energy bills with Evergny's Customer Choice Plans. With customized options to fit the unique needs of your household. ; yYou can select a plan that fits the way you use energy or changes you are willing to make in how you use energysaves you money. If you are able to Simply shift your

electricity use away from the peak times when demand for energy is high and energy is costly to generate, you may be able to reduce your bill.~~to off-peak times, which occur for most of the day. If you are unable to~~ By planning and being mindful of your usage, you can easily avoid using much of your energy during the peak hours of 4-8pm ~~and enjoy savings~~ it is important that you contact Evergy to find a rate plan that fits your needs and budget. If you are willing to pay higher charges for the energy you do consume at peak times, contact Evergy to learn more about plans that may enable greater bill reductions.

16. Note, by email of 5/22/2023 Mr. Lutz stated that the discussion on slide #63 that the Solar Subscription and Low Income Solar rates are limited to the Residential Peak Adjustment rate plan was included in error.

WHEREFORE, Staff prays the Commission accept this *Staff Response to May 23, 2023 Presentation and Requests for Additional Information*, and grant such other and further relief as it deems just under the circumstances.

Respectfully submitted,

/s/ Nicole Mers

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CERTIFICATE OF SERVICE

I hereby certify that true and correct copies of the foregoing were served electronically to all counsel of record this 8th day of June, 2023.

/s/ Nicole Mers