

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

In the Matter of the Joint Application of)	
Evergy Metro, Inc. d/b/a Evergy Missouri)	<u>Case No. ET-2024-0061</u>
Metro and Evergy Missouri West, Inc. d/b/a)	Tariff Nos. JE-2024-0036
Evergy Missouri West for Approval of Tariff)	and JE-2024-0037
Revisions to TOU Program.)	

STAFF’S INTERIM RECOMMENDATION

COMES NOW the Staff of the Missouri Public Service Commission, by and through counsel, and in satisfaction of the Commission’s *Order and Notice* of September 11, 2023, states as follows:

1. On September 8, 2023, Evergy Metro, Inc. d/b/a Evergy Missouri Metro and Evergy Missouri West, Inc. d/b/a Evergy Missouri West (collectively, Evergy) filed their *Application* requesting four modifications to change its Time-of-Use (“TOU”) Implementation Program tariffs. Specifically, those four requests are:

- (i) Modify the default TOU rate from the high differential 2-period TOU rate [i.e. Standard Peak Saver] to the low differential Peak Adjustment TOU rate [i.e. Peak Reward Saver];
- (ii) Modify the tariffs to allow residential customers to opt-in to the traditional residential rate (i.e. “Anytime Plan”) which has historically been in effect and is proposed to be offered as an option beginning May 1, 2024 rather than being terminated as scheduled under the approved TOU Implementation Program;
- (iii) Restrict rate switching to mitigate adverse revenue impacts by selective switching between the offered tariffs to artificially lower a customer’s annual bill below reasonable cost of service through tariff selection only;

(iv) Revise the estimates of education, outreach and implementation costs consistent with the revisions requested to be approved in the Application.

2. Together with the *Application*, Evergy filed proposed tariffs (JE-2024-0036 and JE-2024-0037) bearing an effective date of October 8, 2023. However, the *Application* includes a motion for expedited treatment, in which Evergy asks the Commission to approve the tariffs no later than September 29, 2023, because, Evergy states, it is otherwise required to implement the TOU program no later than October 1, 2023.

3. On September 11, 2023, the Commission issued its *Order and Notice*, stating that, in an effort to accommodate Evergy's request for expedited treatment, the Commission will reserve a time for hearing on less than ten days' notice, simultaneously finding that it is in the public interest to set a hearing on less than ten days' notice because of the imminent implementation of the TOU program no later than October 1, 2023; shortening the time for intervention requests to September 14, 2023; and making parties to Evergy's prior rate cases (ER-2022-0129 and ER-2022-0130) parties to this case without the need to request intervention. Additionally, the Commission directed its Staff to file a *Recommendation* on Evergy's four requests, or a status report stating when it expects to file its *Recommendation*, no later than September 13, 2023; and directed that any other responses to the *Application* or to Staff's pleading be filed no later than September 15, 2023. Finally, the Commission directed that, "[i]f needed," a hearing on the tariff shall be held on September 19, 2023, beginning at 9 a.m. at the Commission's office at the Governor Office Building in Jefferson City, Missouri.

4. On September 13, 2023, Staff filed its *Status Report*, stating that it would file an interim recommendation no later than close of business on Friday, September 15, 2023, but that a full recommendation can be provided only after contested case proceedings following an ample opportunity for discovery. Also on September 13, 2023, Staff filed its *Motion to Suspend*, which included a detailed legal discussion explaining why the proposed tariff changes cannot lawfully be approved except following consideration of all relevant factors in a general rate case and predicting the certain result should the Commission nonetheless do so.

5. Staff now states, as its *Interim Recommendation*, that:

- the tariffs filed on September 8, 2022, should be suspended for 120 days plus six months as allowed by law, because the Commission may only approve the tariff changes proposed by Evergy following the consideration of all relevant factors in a general rate case, all as set out in Staff's *Motion to Suspend* filed herein on September 13, 2023; or
- if the Commission denies Staff's *Motion to Suspend*, then the tariffs filed on September 8, 2022, should be rejected as these tariff modifications, in concert with the form of the information and marketing Evergy has disseminated to its customers, are designed to increase the annual revenues generated by Evergy's Missouri utility operations; or
- if the Commission denies Staff's *Motion to Suspend* and does not reject the tariffs filed on September 8, 2022, then the Commission should consider the tariff language and related issues that Staff is aware of at this time as detailed in the Discussion section of Staff's attached memorandum,

implementing the specific recommendations set out therein, with the caveat that Staff has not had any opportunity for discovery in this matter, nor sufficient time to thoroughly review and analyze proposed tariff changes of this magnitude.

WHEREFORE, Staff prays the Commission will accept its *Interim Recommendation* and grant such other and further relief as is just in the premises.

Respectfully submitted,

/s/ Kevin A. Thompson
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Attorney for the Staff of the
Missouri Public Service Commission.

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing was served, either electronically or by hand delivery or by First Class United States Mail, postage prepaid, on this **15th day of September, 2023**, to the parties of record as set out on the official Service List maintained by the Data Center of the Missouri Public Service Commission for this case.

/s/ Kevin A. Thompson

MEMORANDUM

TO: Missouri Public Service Commission Official Case File
Case No. ET-2024-0061 Tariff Tracking Nos. JE-2024-0036 and JE-2024-0037

FROM: Sarah L.K. Lange, Economist, Tariff/Rate Design Department
Contessa King, Regulatory Compliance Manager, Customer Experience Department

/s/ Kimberly K. Bolin 09/15/2023 /s/ J Luebbert 09/15/2023
Fin. & Bus. Analysis Director / Date Tariff/Rate Design Mgr. / Date

SUBJECT: Staff Recommendation Concerning Evergy Metro, Inc. d/b/a Evergy Missouri Metro and Evergy Missouri West, Inc. d/b/a Evergy Missouri West (collectively, Evergy) “Application for Approval of Tariff Revisions to Time-of-Use Program, Request for Waiver of 60 Day Notice Requirement, and Motion for Expedited Treatment.”

DATE: September 15, 2023

Evergy Filing

On September 8, Evergy Metro, Inc. d/b/a Evergy Missouri Metro submitted revised tariff sheets 5, 5A, 5B, 5D, 6, 7, 7B, 7F, and 8 in Tariff Tracking No. JE-2024-0036 and Evergy Missouri West, Inc. d/b/a Evergy Missouri West submitted revised tariff sheet 146, 146.1, 146.3, 146.5, 146.7, 146.9, and 165 in JE-2024-0037, each bearing an issue date of September 8, 2023, with an effective date of October 8, 2023.

In addition to these tariff submissions, Evergy’s “Application” states Evergy’s requests to:

- (i) Modify the default TOU rate from the high differential 2-period TOU rate [i.e. Standard Peak Saver] to the low differential Peak Adjustment TOU rate [i.e. Peak Reward Saver];
- (ii) Modify the tariffs to allow residential customers to opt-in to the traditional residential rate (i.e. “Anytime Plan”) which has historically been in effect and is proposed to be offered as an option beginning May 1, 2024 rather than being terminated as scheduled under the approved TOU Implementation Program;
- (iii) Restrict rate switching to mitigate adverse revenue impacts by selective switching between the offered tariffs to artificially lower a customer's annual bill below reasonable cost of service through tariff selection only;
- (iv) Revise the estimates of education, outreach and implementation costs consistent with the revisions requested to be approved in the Application.

The “Application further states Evergy’s intent to:

- (v) “pause its current communication efforts with customers designed to encourage customers to choose a new rate option;” and
- (vi) “modify the name for certain rate plans.”

Summary of Staff Recommendation

Staff will address each point stated above in its Discussion below, as well as issues raised by Evergy’s request but not enunciated in its “Application.”

Staff’s Primary Recommendation

In summary, Staff recommends that the tariffs filed on September 8, 2023, be suspended for 120 days plus six months as allowed by law, because the Commission may only approve the tariff changes proposed by Evergy following the consideration of all relevant factors in a general rate case.

Staff’s Secondary Recommendation

If the Commission denies Staff’s September 13, 2023, “Motion to Suspend,” then Staff recommends that the tariffs filed on September 8, 2023, be rejected as these tariff modifications, in concert with the form of the information and marketing Evergy has disseminated to its customers, are designed to increase the annual revenues generated by Evergy’s Missouri utility operations.

Staff’s Tertiary Recommendation

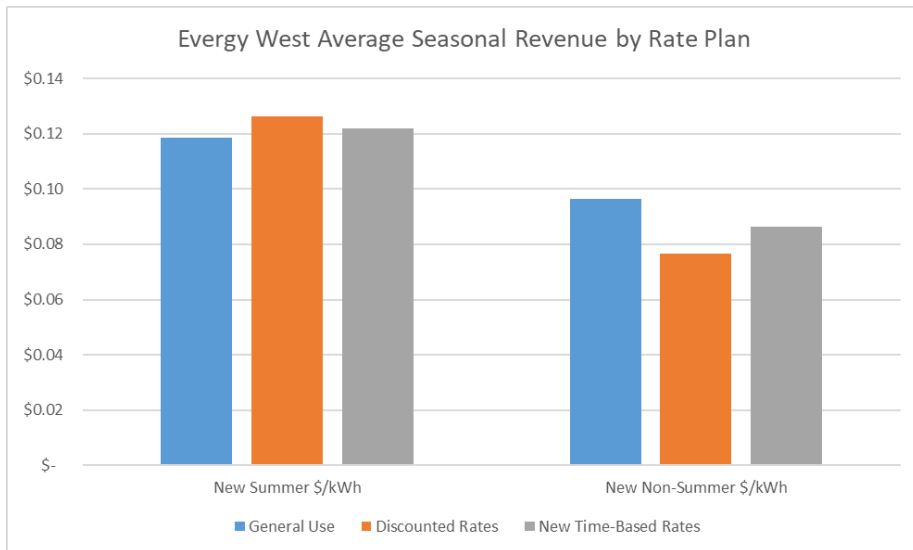
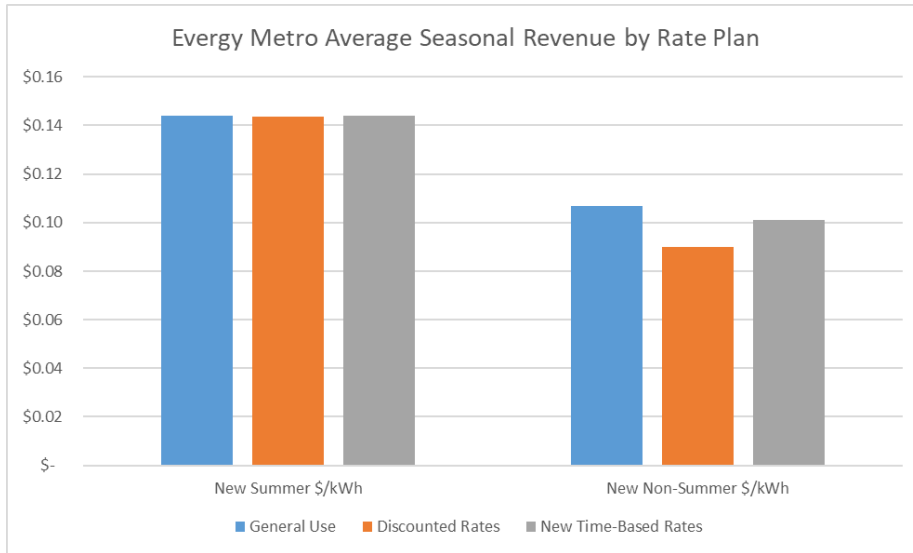
If the Commission denies Staff’s September 13, 2023, “Motion to Suspend,” and determines that it is lawful and appropriate to adopt any of Evergy’s requests, the Discussion section that follows will identify and describe the tariff language and related issues that Staff is aware of at this time, noting that Staff has not had any opportunity for discovery in this matter, nor sufficient time to review proposed changes of this magnitude.

Discussion

Evergy’s proposed tariff modifications, in concert with the form of the information and marketing Evergy has disseminated to its customers, are designed to increase the annual revenues generated by Evergy’s Missouri utility operations

Currently, for both Evergy Missouri Metro and Evergy Missouri West, the discounted rate

plans collect slightly more revenue per kWh than do the general use rate plans during summer billing months, and the discounted rate plans collect significantly less revenue per kWh than do the general use rate plans during non-summer billing months. This variation is illustrated in the blue and orange bars, by season, in the graphs below:



All of the new time-based rate plans¹ were designed to collect the AVERAGE of the

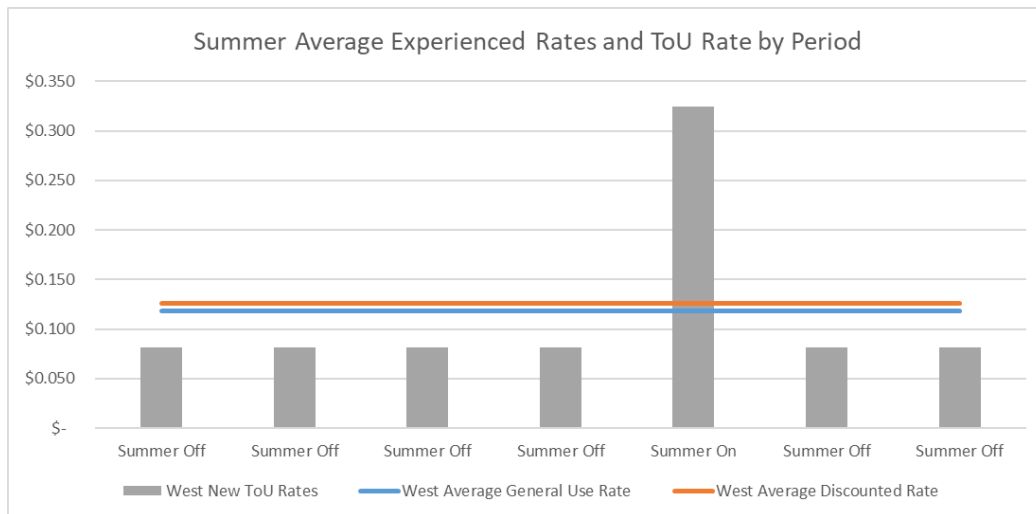
¹ Residential Peak Adjustment Schedule RPKA (Eversource’s newly-requested default rate plan), Residential Service Time of Use – Two Period Schedule RTOU-2 (the currently tariffed default rate plan beginning October 1, 2023),

seasonal revenue of the existing rate plans. This result is illustrated by the gray bars in the graphs above.

If customers are allowed to opt out of the new time-based rate plans and onto the current General Use rate plans, it should be assumed that Evergy will significantly overcollect revenue during the non-summer billing months, and very slightly undercollect revenue during the summer billing months, with an expected significant net-over-recovery position. The exact degree of net overrecovery cannot be calculated, as it will vary due to the specific customer usage that would be shifted to the general use rate plans.

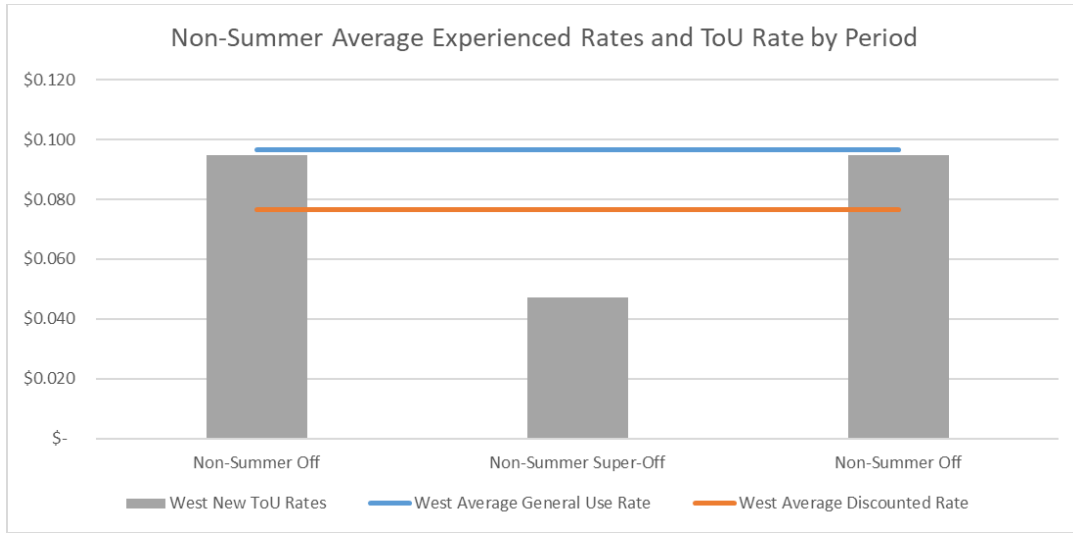
It should be noted that in cold months, the customers who are using electricity to heat their living space are likely to experience greater bill savings from the super-off-peak rate element of the default ToU rate plan than they will experience bill increases from the off-peak portion of their energy consumption.² This is particularly true when comparing the default ToU rate plan to the General Use rate plan that Evergy requests to make available in this filing, beginning in May, 2024.

Evergy Missouri West

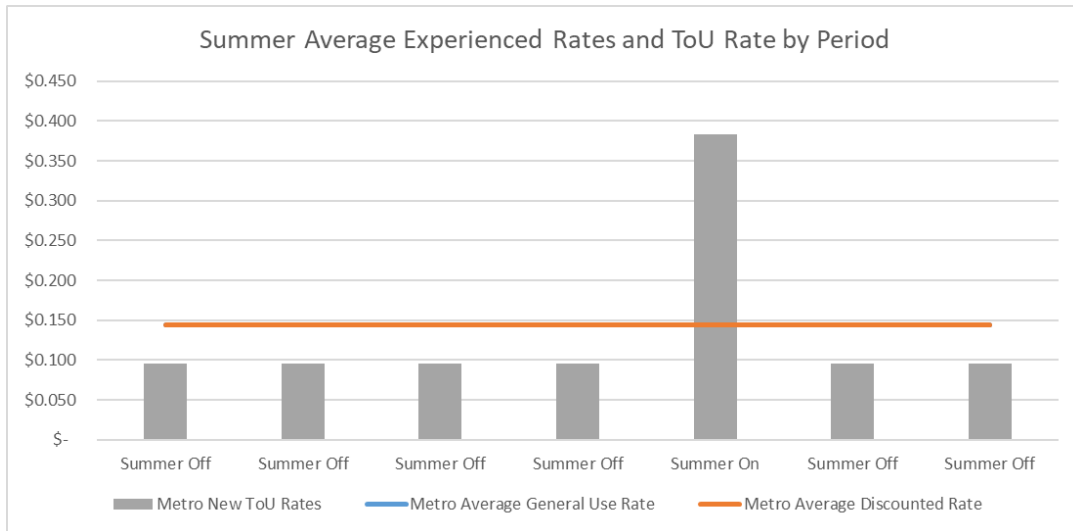


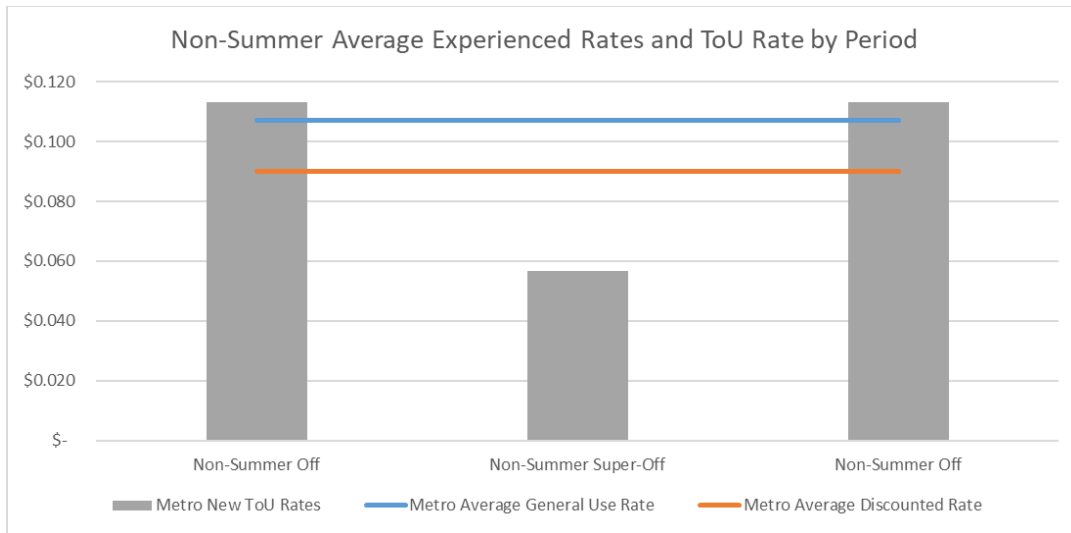
Residential High Differential Time of Use Schedule RTOU-3, and Separately Metered Electric Vehicle Time of Use Schedule RTOU-EV. Throughout this document, where rate codes vary for the same rate plan between Evergy Metro and Evergy West, Staff refers primarily to the Evergy West rate code designation for ease of reference.

² Around one-seventh of the summer hours are subject to the on-peak rate, and around one-third of non-summer hours are subject to the super-off-peak rate.



Evergy Missouri Metro



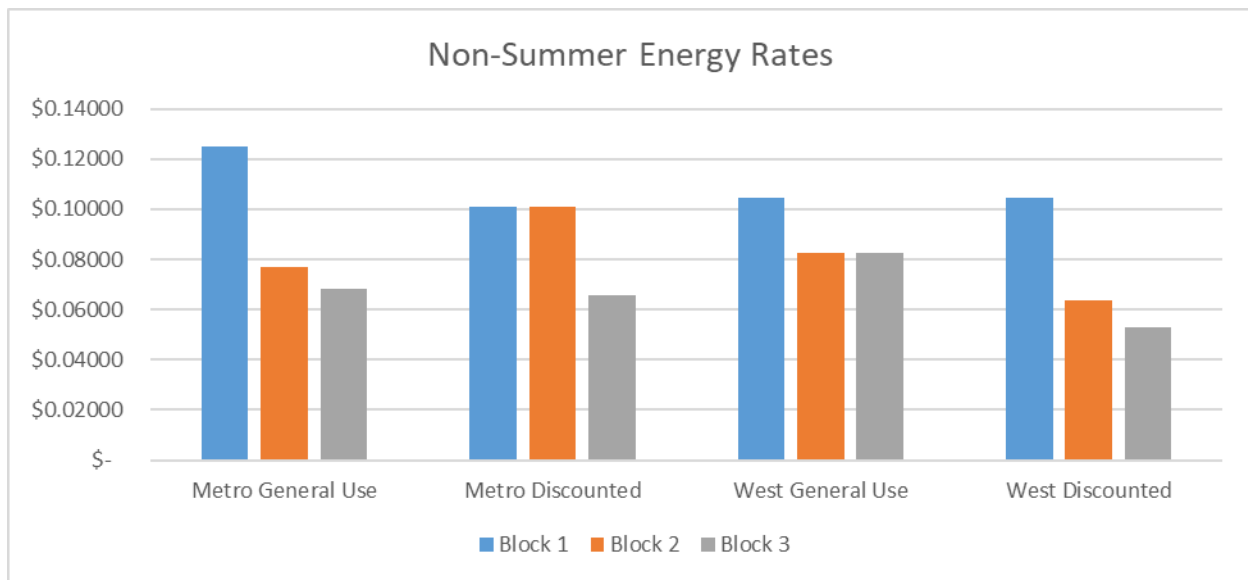


Although customers who use electric energy to space heat are generally positioned to receive lower bills on the Default Two Period Time of Use rate plan or the Residential Peak Adjustment rate plan than on the Residential General Use rate plan, Staff is concerned that customers have been misled by how Evergy has implemented its program to engage and educate customers leading up to the implementation of the 2-period TOU rate as the default rate for residential customers, as ordered by the Commission in its *Amended Report and Order* in File Nos. ER-2022-0129 and ER-2022-0130 (“*Order*”), issued December 8, 2022.

Specifically, Evergy’s “Application,” at page 10 includes a statement that the General Use rate plan option is “particularly beneficial to Evergy’s residential all-electric customers who heat their homes with electricity, as well as customers on fixed incomes and others who are less able to modify their usage patterns. Unless the traditional residential rate structure is maintained as an option for the residential all-electric and separately metered heating customers and for vulnerable customers who are unable to modify their usage patterns, these customers are likely to have a significant increase in their bills.” There is no factual basis for this statement, and it is false. The increases that some of these customers may experience in their bills is a consequence of the elimination of a discount, not the change to TOU rates. The average realized rate for the winter season for the General Use rate plan is higher than the average realized rate for the winter season for the Peak and Average rate plan and the Two Part Time of Use rate plan. Evergy’s statement is deliberately misleading, harmful to customers, and designed to increase Evergy’s expected revenues.

Relevant Background Concerning Discounted Electric Rates and Concerns with Evergy’s Implementation of Its Engagement and Education Program Related to Customers Receiving Service on Discounted Electricity Rates

Evergy Metro’s tariff sheets 5A and 5B, and Evergy West’s tariff sheets 146 and 146.1 purport to restrict the availability of Evergy Metro rate plans 1RS6A, 1RS2A, and Evergy West rate plan MORH and MORNH to customers with permanently installed electric space heating which is the primary heating source and able to provide whole house heating. These rates, like the General Use rates, have a declining block rate structure, meaning the rate paid for energy decrease as additional energy is consumed in a given billing cycle. However, Evergy does not perform periodic audits to determine whether the structures receiving the discounted rate remain eligible for the discount, and nothing requires customers who are unaware of their eligibility for the discount to be placed on one of the discounted rates. In other words, there are customers who rely on electric space heating who are not receiving a discounted rate and there are customers who are receiving a discounted rate who do not rely on electric space heating.³ The differences in rates are illustrated below:



Evergy has been unable to produce a cost study to justify the continuation of the discounted rates when presented with an opportunity to do so. The Commission’s Order in File

³ Evergy has conflated a change in rate structure from declining block to time-based, with the elimination of a discounted rate plan.

Nos. ER-2022-0129 and ER-2022-0130 directed the elimination of the discounted rate codes at pages 73 and 74, and ordered their elimination at page 99. Based on the information Evergy has provided to Staff in the form of hourly class load data, there is no reason to conclude that the usage patterns of customers receiving the discount vary significantly from the usage patterns of customers not receiving the discount. However, the bills of customers receiving the discount do vary significantly from those who are not served on the discounted rate plans, particularly in the months of December, January, February, and March.

The allocation of revenue responsibility within a rate class can be referred to as rate design. In the currently promulgated tariff for the residential class of each Evergy utility, the customers served on General Use rate plans bear a higher revenue responsibility per kWh than the customers served on discounted rate plans. In the currently promulgated tariff for the residential class of each Evergy utility, the rate design of the time-based rate plans promulgated in compliance with File Nos. ER-2022-0129 and ER-2022-0130 is priced to collect the AVERAGE of the revenue responsibility of customers on the General Use rate plan and the discounted rate plans.

If the compliance tariffs for File Nos. ER-2022-0129 and ER-2022-0130 had been promulgated with the outcome now requested by Evergy in its September 8, 2023, “Application,” the rate designs for the Residential Peak Adjustment Schedule RPKA (Evergy’s newly-requested default rate plan), Residential Service Time of Use – Two Period Schedule RTOU-2 (the currently tariffed default rate plan beginning October 1, 2023), Residential High Differential Time of Use Schedule RTOU-3, and Separately Metered Electric Vehicle Time of Use Schedule RTOU-EV would not be the same as the rate designs actually promulgated in compliance with the Commission’s *Order* in that case. Specifically, the reason some customers who have been on the space heating rates are projected to experience a bill increase on time-based rates is not because time-based rates are *bad* for customers who heat their homes with electric space heating, but because the discount reflected in the rate design of the formerly applicable rate has been eliminated.⁴ Similarly, the reason the majority of customers are modeled by Evergy to experience

⁴ Evergy’s evidence in File Nos. ER-2022-0129 and ER-2022-0130 was that the Residential Service Time of Use – Two Period Schedule RTOU-2 (the currently tariffed default rate plan beginning October 1, 2023) was specifically designed as advantageous to space heating customers.

a bill decrease when they transition to time-based rates is not because time-based rates are *good* for those customers, but because those customers will no longer be paying for the discount that has been reflected in the rate design for certain residential customers.⁵

However, it is Staff’s understanding that Evergy has not only failed to clarify these distinctions with customers, but has in fact marketed time-based rates as “good” for most of its residential customers and “bad” for space heating customers.⁶ These efforts are likely to motivate space heating customers to opt into the “General Use” rate plans that Evergy requests to make available on May 1, 2024. The result is that Evergy’s revenues will increase beyond the revenue requirement ordered by the Commission in File Nos. ER-2022-0129 and ER-2022-0130, as the average General Use revenue realization per kWh exceeds the time-based rate plans revenue realization per kWh that were the basis of the rate design reflected in the compliance tariffs in File Nos. ER-2022-0129 and ER-2022-0130.

In summary, while Staff’s primary and secondary recommendations would not result in the promulgation of any of Evergy’s filed tariff sheets at this time, Staff specifically recommends that if the Commission does authorize promulgation of tariff sheets as requested by Evergy, such authority should not include the following provisions related to making the Residential Service (General Use) rate plans available as an optional rate beginning May 1, 2024, and reference to “Residential General Use rate” in the paragraph referring to Net Metering, located on West Sheet 146 and Metro Sheet 5.

(i) Evergy’s stated request to “Modify the default TOU rate from the high differential 2-period TOU rate [i.e. Standard Peak Saver] to the low differential Peak Adjustment TOU rate [i.e. Peak Reward Saver].”

This request is more accurately described as “modifications to multiple tariff sheets so that the default residential rate plan beginning October 1, 2023 will be Schedule RPKA, “Residential Peak Adjustment Service,” rather than Schedule RTOU-2, “Residential Time of Use – Two Period,” as contained in the currently effective tariff.” Making this change at this time will be

⁵ What residential rates should be to provide the ordered revenue requirement under the changes Evergy requests in its Application is a complex question which requires a general rate case for resolution.

⁶ This is a separate concern from Evergy’s general failure to engage and educate its customers concerning changes in available rate plans.

extraordinarily confusing to customers, and will effectively “undo” the decisions of customers who determined that Residential Service Time of Use – Two Period Schedule RTOU-2 is the best rate plan for them.⁷ Making this change at this time will effectively increase the revenues the Evergy Missouri-jurisdictional utilities will recover beyond the revenue requirement ordered by the Commission in File Nos. ER-2022-0129 and ER-2022-0130. Staff does not recommend that this change be made. However, Staff will offer an alternative resolution to the concern underlying this request, and discuss tariff drafting problems that must be resolved if the requested relief is granted.

Staff notes that much of confusion and opposition to the adoption of a time-based rate plan for the default residential rate structure lies squarely with Evergy’s approach to customer engagement and education. As a point of comparison, Liberty utilities provided straightforward information to its customers during its defaulting period, such as the following:

Why the change?

Time matters, especially when it comes to energy costs. The higher the demand for energy, the more it costs to generate. At peak times, typically during the day, energy demand increases and, as a result, energy costs increase. The opposite is true for off-peak times, typically at night, when energy demand drops, and energy costs decrease.

While Evergy’s default time-based residential rate design reflects a more dramatic differential than the default time-based rate designs applicable to all of Liberty’s electric customers, the underlying rationale is identical. Evergy’s initial engagement and education consisted of a “tip,” to “set your thermostat to avoid cooling during summer peak hours of 4-8 pm,” as well as the statement “to avoid paying a higher price for energy, it will be important to shift your large energy usage to mornings, overnight, or weekends in the summer,” which was akin to shouting “fire,” in a crowded theatre. This messaging appeared in various forms. A screenshot of the Evergy website is provided below:

⁷ Due to Evergy’s decision to modify the level-payment plans for customers who opt-into a time-based plan prior to defaulting, and allow continuation of existing level-payment plans for customers who default into a time-based plan, Staff understands that it would be reasonable for customers to choose to default into the new time-based plan on Evergy’s schedule, rather than to affirmatively opt-in prior to October 1, 2023.

Check out your new time-based plans...

Standard Peak Saver | Peak Reward Saver | Nights & Weekends Saver | Nights & Weekends Max Saver



Standard Peak Saver

- ✓ **Who's it for:** Everyday users. This is Evergy's standard default plan.
- ✓ **Savings level:** Some energy shifting effort and flexibility needed during the summer (June-Sept)
- ✓ **Tip:** Set your thermostat to avoid cooling during summer peak hours of 4-8 pm

This is our new standard rate plan that offers a discounted price for electricity 8 months out of the year but also has a peak price from 4-8 pm during the weekday summer months (June-September). To avoid paying a higher price for energy, it will be important to shift your large energy usage to mornings, overnight, or weekends in the summer. There is only a peak price during the summer months. See peak and off-peak pricing for your area by clicking the [Get More Details](#) button.

Further, Evergy's efforts to date have misled customers to believe that time-based charges on this plan will exist only during summer months, and caused substantial confusion through emphasis on "savings" and a claim of a Missouri-wide electric rate changes. Page 33 of Exhibit A attached to Evergy's Application in this docket indicates that "my bill will go up", "need electricity during peak hours", and "can't use electricity when I need to" were the most common concerns cited among surveyed customers.

"Check box" Option

Ameren Missouri is several years into its default time-based rate structure deployment. As an alternative to a last-minute tariff revision, Staff suggests that Evergy could now (and could have from the outset of its engagement and education campaign) distribute a form similar to the Ameren Missouri materials reproduced below, with content revised to provide a simplified option to opt-into the "Residential Peak Adjustment Service," rate plan, rather than Schedule RTOU-2, "Residential Time of Use – Two Period," rate plan.

Your next step is simple.

<p>To stay on your current Anytime Users rate option, just fill out this card and return it in the envelope provided or go to AmerenMissouri.com/CompareRates. <i>Please allow seven business days for processing.</i></p>	OR	<p>If we don't hear from you, you'll automatically start on the Evening/Morning Savers rate option after. To make your choice online, go to AmerenMissouri.com/CompareRates before that date.</p>
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Customer signature and date are required to remain on the Anytime Users rate option.

Signature _____

Date _____

Email _____

 To explore all of our expanded rate options and make your choice online, go to AmerenMissouri.com/CompareRates.

Note, it appears that Evergy could slide its defaulting schedule by a week or two to accommodate mailing and receipt of such materials without the need for any tariff revisions.

Tariff Drafting Problems

Reserving the right to raise additional drafting issues as they are identified, to date, Staff has identified the following:

- Multiple areas refer to “rates” that more properly should refer to “rate plans,” or “rate schedules.”
- The Three-Period time of use rate schedule appears to be drafted with the intent that the “General Use” rate schedule is the default residential rate schedule.

(ii) Evergy’s stated request to “Modify the tariffs to allow residential customers to opt-in to the traditional residential rate (i.e. “Anytime Plan”) which has historically been in effect and is proposed to be offered as an option beginning May 1, 2024 rather than being terminated as scheduled under the approved TOU Implementation Program.”

This request is more properly described as Evergy’s request to modify the tariffs to, among other things, allow residential customers to opt-in to Evergy Missouri West rate plans MORG and MORN, and Evergy Missouri West rate plan 1RS1A/RESA beginning May 1, 2024.⁸ As discussed in greater detail above, due to the specific steps taken in developing the residential rate design reflected in the compliance tariffs promulgated in File Nos. ER-2022-0129 and ER-2022-0130, this request cannot be considered outside of a general rate case because it seeks to vary the revenue

⁸ Under the effective tariff language for these rate plans currently states, “Starting on October 1, 2023 service under this rate schedule will be limited to Customers without AMI metering due to opt-out of AMI metering or due to technological barriers limiting the installation of AMI metering.”

the Evergy Missouri-jurisdictional utilities will recover beyond the revenue requirement ordered by the Commission in File Nos. ER-2022-0129 and ER-2022-0130.

Tariff Drafting Problems

Reserving the right to raise additional drafting issues as they are identified, to date, Staff has identified the following:

- The revisions to Metro Sheet 5 states that “Schedule R will be available to all residential customers as an optional rate beginning May 1, 2024,” however at Sheet 5A, Schedule R includes both the General Use rate plan 1RS1A, and Residential General Use and Space Heat – One Meter, 1RS6A, and at Sheet 5B, Residential General Use and Space Heat – 2 Meters, 1RS2A. These rate plans were eliminated in the Commission’s *Order* in File Nos. ER-2022-0129 and ER-2022-0130. By email on 9/12/2023, Mr. Lutz indicated the intent was not to resurrect these eliminated rate plans.

(iii) **Evergy’s stated request to “Restrict rate switching to mitigate adverse revenue impacts by selective switching between the offered tariffs to artificially lower a customer’s annual bill below reasonable cost of service through tariff selection only.”**

This request is more appropriately stated as “Restrict rate switching.” Staff has no further recommendation concerning this request other than to note that it is not proper outside of a general rate case.

(iv) **Evergy’s stated request to “Revise the estimates of education, outreach and implementation costs consistent with the revisions requested to be approved in the Application.”**

Staff takes no position on this item at this time, as the prudence of Evergy’s decisions concerning customer engagement and education will be considered in a general rate case with all relevant factors, after such expenditures are made.

(v) **“Evergy’s notice of its intent to pause “current communication efforts with customers designed to encourage customers to choose a new rate option.”**

Evergy “intends” to pause its current communication efforts during the pendency of the Application; however, Evergy did not state what a pause in current communication efforts entails. Not only is it presumptuous to stop communication efforts pending a Commission decision in this case, Staff would caution that pausing communication efforts could be a violation of the

Amended Report and Order in File Nos. ER-2022-0129 and ER-2022-0130 (“*Order*”) ⁹, issued December 8, 2022, which ordered Evergy to engage and educate its customers on TOU rates.

(vi) **Evergy’s stated notice that it will “modify the name for certain rate plans.”**

In its Application Evergy states that it is not required or seeking approval from the Commission to change the brand name of its various tariffed rate plans, but is providing notice that it intends to modify the name of certain rate plans.

The Company further states that its proposal to change the default rate necessitates a change to the name of the rate plans in order to avoid future confusion on which rate is the standard or default rate. Evergy proposes to change the names of (1) the high differential 2-period TOU rate from “Standard Peak Saver” to “Summer Peak Time Based Plan” and (2) the low differential Peak Adjustment TOU rate from “Peak Reward Saver” to “Default Time Based Plan.” The Company claims that the proposed changes addresses some stakeholder feedback so each name describes the rate option without emphasizing a “savings” aspect for the rate since other TOU rate options are likely to result in larger savings if customers modify their usage behavior.¹⁰

Given the expedited nature of this docket Staff was unable to conduct appropriate discovery to determine if Evergy’s notice of rate plan name changes is isolated to the proposed changes in the Application or notice of a broader effort to modify existing brand names of approved tariffed rate plans that also have “saver” in the name. Staff will surmise that Evergy’s notice to change names is fixed to the Company’s request to change the default TOU rate.

From a customer experience perspective, if the Commission approves Evergy’s request to change the default rate to the low differential Peak Adjustment TOU rate, Staff is of the opinion that rebranding the default TOU plan with language that adequately describes the plan provides an educational benefit to customers. Rebranding the default TOU rate as “Default Time Based Plan” with a brief description of the plan, provides upfront clarification on what happens if a customer chooses not to select a rate plan, with the word “default” being a strong signal to customers.

⁹ *Order* Pages 71 - 72

¹⁰ Application for Approval of Tariff Revisions to Time-of-Use Program, Request for Waiver of 60-Day Notice Requirement, and Motion for Expedited Treatment, pages 12-13.

Additionally, Evergy's proposed name change is similar to Staff's suggestion in the workshop docket, Case No. EW-2023-0199, where among other suggestions, Staff suggested modifying the tariff name of the default TOU rate plan to "Default Residential Rate Plan".¹¹

Please note that if the Commission approves Evergy's request to change the default TOU rate plan, Staff supports changing the name of "Peak Reward Saver" to "Default Time Based Plan." However, Staff does not support Evergy's efforts to rename the high differential 2-period TOU rate from "Standard Peak Saver" to "Summer Peak Time Based Plan."

Staff notes that the "summer" description for the currently-tariffed Schedule RTOU-2, "Residential Time of Use – Two Period," rate plan is not accurate. Evergy initially stated its intent on May 23, 2023, to brand this rate plan "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."

Staff in its *Staff Response to May 23, 2023 Presentation and Requests for Additional Information*, submitted June 8, 2023, in File No. EW-2023-0199, (attached as Schedule 1) that this brand name and marketing were misleading. Specifically, Staff stated "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 name, "Two Period Time of Use" is appropriate for the tariff and brand name for this plan if it is not maintained as the standard residential rate plan.

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." EW-2023-0199, *Staff Response to May 23, 2023 Presentation and Requests for Additional Information*, paragraph 11, filed June 8, 2023.

**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).”

Evergys'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. Evergy'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 Evergy 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 Evergy'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