

**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 EVERGY’S NOVEMBER 28, 2023 PRESENTATION

COMES NOW, the Staff of the Missouri Public Service Commission (“Staff”), by and through the undersigned counsel, and submits this *Staff Response to Evergy’s November 28, 2023 Presentation*. After Evergy Metro, Inc. d/b/a Evergy Missouri Metro and Evergy Missouri West, Inc. d/b/a Evergy Missouri West concluding their presentation on November 28, 2023, the presiding judge asked if any parties had a response. Staff stated that it would file its response in writing. Attached for the Commission’s consideration is that response.

WHEREFORE, Staff prays that the Commission accepted this *Staff Response to Evergy’s November 28, 2023 Presentation*, and grant any and all relief it deems just in the circumstances.

Respectfully submitted,
/s/ Nicole Mers
Nicole Mers #66766
Deputy Staff Counsel
Attorney for the Staff of the
Missouri Public Service Commission
P.O Box 360
Jefferson City, MO 65012
(573) 751-6651 (Telephone)
(573) 751-9285 (Fax)
nicole.mers@psc.mo.gov

CERTIFICATE OF SERVICE

I hereby certify that true and correct copies of the foregoing were served electronically to all counsel of record this 6th day of December, 2023.

/s/ Nicole Mers

STAFF RESPONSE TO EVERGY’S NOVEMBER 28, 2023 PRESENTATION

Staff will not address each area addressed in Evergy’s November 28, 2023 presentation, but will draw the Commission’s attention to items requiring the most attention or clarification.

The matters addressed are:

Rate Switching..... 1

Clarification Of The Ability Of Net Metering (Solar) Customers To Participate In Tou Rate Schedules 2

Concerns with presentation content concerning survey results and clarification of interaction of tou transition with space heating discount elimination 3

Interaction Of ToU Transition With Space Heating Discount Elimination 4

Level of Education Appropriate for Peak Adjustment rate plan as the Default Rate Schedule... 7

Inability to Review Effectiveness of Rate Designs and Anticipated Obstacles to Revenue Requirement Development and Compliance Tariff development in Future Rate Cases..... 8

Number of Data Requests Propounded by Staff in this Docket 9

Rate Switching

Staff would also note that while the matter is a subject of Staff’s complaint against Evergy, Case No. EC-2024-0192, there are concerns with Evergy’s current and proposed handling of customer rate change requests.

The presentation provided by Evergy noted on page 7 that some additional rate switching has occurred in the approximate month or month and a half since customers have been defaulted to a rate plan, or since customers performed an initial switch.¹ Staff encourages Evergy to carefully track these activities to ensure that proper billing occurs. Namely, Staff is concerned that rate switching customers may be billed an inappropriate number of customer charges, and that short

¹ Approximately 9,000 customers had engaged in rate switching in the brief time reflected through 11/2/2023.

billing periods will cause customers to over-pay due to the current declining-block rate structure for the non-summer billing months on the Peak Adjustment rate plan.

Staff became aware that Evergy is unable to prorate a customer's bill between rate plans when that customer switches during a billing cycle. For purposes of illustration, rather than a customer receiving a single bill for 30 days of service, with 20 days billed on, for example, the General Use rate plan, and 10 days billed on the Two-Period rate plan, customers currently receive first a bill for 20 days of service on the General Use rate plan, and then, later, will receive a bill for 50 days of service on the Two-Period rate plan. As noted in Staff's complaint, this practice is not consistent with Commission rules regarding appropriate billing period lengths. Staff is of the understanding that **Evergy intends to address this rule violation by restricting the ability of customers to switch between rate plans to once per billing cycle, with the change to take effect at the end of the billing cycle.**

Clarification Of The Ability Of Net Metering (Solar) Customers To Participate In Tou Rate Schedules

Chairman Rupp directed a comment or question to Evergy regarding what he understood to be a recent uptick in installation of solar equipment for Evergy Missouri Metro and Evergy Missouri West customers. To provide clarity, Staff reminds the Commission that under the current structure of ToU rate plans for both utilities, net metering customers may only obtain a pricing differential of \$0.01 to \$0.02 per kWh during summer billing months, and a pricing differential of \$0.01 to \$0.0125 per kWh during non-summer billing months. If Evergy is aware of solar installers marketing to its Missouri customers claiming a greater favorable pricing differential, Staff encourages Evergy to consider clarifying the currently-available rate plan differentials with its customers.

Staff is of the opinion that the higher-differential time-based rates could generally be restructured to provide identical pricing to customers while fully complying with applicable Missouri law to enable net-metering customers to participate in other time-based rates. An example in which the current Evergy Metro Three-Period rate plan is restructured is provided below for illustration:

Current Structure		Potential Restructuring	
-	-	All kWh	\$ 0.11268
Peak	\$ 0.33803	Peak Adjustment Charge per On-Peak kWh	\$ 0.22535
Off-Peak	\$ 0.11268	-	-
Super Off-Peak	\$ 0.05633	Peak Adjustment Credit per Super Off-Peak kWh	\$ 0.05635

This structure is consistent with the current default rate structure on which all net metered Evergy customers are currently required to take service.

Staff would also note that while the matter is a subject of Staff’s complaint against Evergy, Case No. EC-2024-0192, Evergy continues to refuse to serve Subscriber Solar customers on any time-based rate plan except the Peak Adjustment rate plan.

Concerns with presentation content concerning survey results and clarification of interaction of tou transition with space heating discount elimination

Commissioner Hahn inquired of Evergy regarding results to survey statements “Time-based rate plans generally lower your electric bill,” and “Time-based rate plans can make your bill higher.” First, these statements are not parallel: the question involving the bill increase uses “can”, the question involving the bill decrease uses the word “generally.” The certainty of the bill increase and bill decrease is not identical between the two questions. The accurate answers

are that time-based rate plans *can* cause both bill increases and bill decreases.² This is discussed in greater detail below.

The survey statements “Peak and off-peak hours can vary depending on how you heat your house (e.g., all-electric vs. gas)” and “Peak and off-peak hours can vary if you have an electric vehicle,” are concerning. The accurate answer to both of these questions is “no.” The ToU rate plans *do not* include preferential rates for formerly-discounted customers. **There are not differences in the peak and off peak hours depending on how you can heat your house.**³ Evergy’s survey results demonstrate increasing belief in a factually untrue statement. Similarly, there are not different hours available to customers with EVs. There is a different rate plan available to customers who chose to separately meter an EV, but the hours are identical to those of the Three-Period rate plan. Again, Evergy’s survey results demonstrate increasing awareness of a factually incorrect statement.

Staff appreciates the concern noted by Commissioner Coleman regarding whether the survey results are from a consistent group of customers, which would undermine the reliability of an apparent demonstration that “awareness,” is growing. Staff is following up with Evergy on this issue.

Interaction Of ToU Transition With Space Heating Discount Elimination

While Evergy did not address in its Presentation the interaction of the ToU transition and the space heating discount elimination, this interaction is the primary driver of whether a given customer will experience a bill increase or decrease. Overwhelmingly, customers who received

² There is also no context provided within the statement for whether the contemplated bill changes are monthly or annually. Most or all customers will have months on time-based rate plans where a bill is higher than on a non-time-based plan, and months on time-based rate plans where a bill is lower than on a non-time-based plan, whether that customer experiences and overall increase or decrease in twelve months of bills.

³ As late as July 2023 Evergy was promoting by email the “All-Electric Heat Plan” stating, “If you have electric heat, you may be eligible for a lower rate during the winter season.” These rates were ordered to be eliminated.

service on a non-discounted Evergy residential rate plan prior to October of 2023 will pay *less* for electricity on a time-based plan than they would on a non-time-based plan. About 60% of the customers who received service on a discounted Evergy residential rate plan prior to October of 2023 will pay *more* for electricity on a time-based plan than they would on a non-time-based plan. This is because the discounted rate plans were eliminated, not because of anything fundamental to time-based rate plans.

In November of 2023, Evergy provided to Staff information on the monthly energy usage of approximately 20,000 Evergy Missouri Metro residential customers and 20,000 Evergy Missouri West residential customers, including the rate plan on which each customer took service prior to October of 2023.

For the 11,978 Evergy Missouri West customers who had received service on the General Use rate plan (without a discount) prior to October of 2023, only 23 customers, (0.19%) experienced a 12 months' bill increase by transitioning to either the Two-Period ToU rate plan or the Peak Adjustment ToU rate plan. For the 14,761 Evergy Missouri Metro customers who had received service on the General Use rate plan (without a discount) prior to October of 2023, only 380 customers, (2.57%) experienced a 12 months' bill increase by transitioning to either the Two-Period ToU rate plan or the Peak Adjustment ToU rate plan.

For the 4,869 Evergy Missouri Metro customers who had received service on a discounted rate plan prior to October of 2023, 3,389 experienced a 12 months' bill increase by transitioning to either the Two-Period ToU rate plan or the Peak Adjustment ToU rate plan, and 1,480 experience a bill decrease by transitioning to either the Two-Period ToU rate plan or the Peak Adjustment ToU rate plan. Of these customers, just over half (2,682, which is 56%) would

experience their lowest 12 months' bill on the Two Period rate plan, while the remaining 44% would experience their lowest 12 months' bill on the new default rate plan.

For the 4,869 Evergy Missouri Metro customers who had received service on a discounted rate plan prior to October of 2023, only 52 customers (1%) would experience a lower 12 months' bill on the General Use rate plan as currently tariffed than they would on the two studied time-based rate plans. For the 7,306 Evergy Missouri West customers who had received service on a discounted rate plan prior to October of 2023, only 2 customers (0.03%) would experience a lower 12 months' bill on the General Use rate plan as currently tariffed than they would on the two studied time-based rate plans.

For the 7,307 Evergy Missouri Metro customers who had received service on a discounted rate plan prior to October of 2023, 3,855 experienced a 12 months' bill increase by transitioning to either the Two-Period ToU rate plan or the Peak Adjustment ToU rate plan, and 3,452 experience a bill decrease by transitioning to either the Two-Period ToU rate plan or the Peak Adjustment ToU rate plan. Of these customers, 3,118 (43%) would experience their lowest 12 months' bill on the Two Period rate plan, while the remaining 57% would experience their lowest 12 months' bill on the new default rate plan.

This discussion is provided to help the Commission understand that the bill increases and decreases customers will experience due to the time-based rate transition are not generally due to the time-based rates. Rather, the bill changes customers will experience are due to the elimination of the discounted rates plans. Staff is not aware of any education that Evergy presented to address this point. Specifically, Evergy's "Application," filed September 8, 2023 in Case No. ET-2024-0061 stated at page 10 that the General Use rate plan 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.” Evergy’s statement was and is false. To Staff’s knowledge, Evergy has not addressed the misinformation communicated by this statement in this well-publicized case.

Level of Education Appropriate for Peak Adjustment rate plan as the Default Rate Schedule

Evergy presented its “go-forward strategy,” at pages 21 and 22 of the Presentation, and provided its cost reporting on page 26. During the discussion of page 26, Mr. Caisley noted that the slide provided spend levels only through September. In Case Nos. ER-2022-0129 and ER-2022-0130, Staff recommended the Commission order Evergy to revise its rate schedules so that the Peak Adjustment rate plan would be the default rate schedule for Missouri residential customers. In making this recommendation, Staff and other parties noted the “training wheels” nature of the rate design, and the money and effort expended to date by Evergy on educating customers regarding time-based rates. The pending EW docket, the time-of-use education tracker, and the need for extensive education related only to the Commission’s decision (which it has since rescinded) to proceed with the more aggressively-differentiated Two Part ToU rate plan for the default residential rate plan. Given the Commission’s decision to allow Evergy to revise its rate schedules so that the Peak Adjustment rate plan is the default rate schedule for Missouri residential customers, Staff recommends that Evergy significantly scale back the efforts that it describes as education.

Inability to Review Effectiveness of Rate Designs and Anticipated Obstacles to Revenue Requirement Development and Compliance Tariff development in Future Rate Cases

Staff would also note that while the matter is a subject of Staff's complaint against Evergy, Case No. EC-2024-0192, and also is among the information under consideration in Case No. EO-2024-0002, there are concerns with Evergy's current and future ability to access or report customer usage and customer counts by rate schedule applicable to this working docket.

As noted by OPC, time-based rates can have an effect on the usage of customers on those rates during the hours, which may trigger planning requirements for capacity expansion or sizing of various utility infrastructure. However, to date, Evergy has stated that it is unable to provide either hourly load of customers by rate schedule, or monthly number of customers by rate schedule, both of which would be necessary to review the average peak demand exhibited by customers on each rate schedule, or similar metrics.⁴ In other words, Evergy does not know and cannot report how much energy customers on the Peak Adjustment rate plan are using at 3:00 pm on a hot July afternoon, nor how much energy customers on the Two-Period rate plan are using at that time. Further, Evergy has stated that it cannot report how many customers were on the Peak Adjustment rate plan in a given month once that month has passed, nor how many customers were on the Two-Period rate plan in that prior month.

This information (or reasonable surrogates) is indispensable not only to addressing compliance tariff rate design, but also, fundamentally, to determining how much of an increase may be appropriate in any given rate case. While Staff agrees that the sort of analysis OPC referenced would be nice, it appears Evergy is unable or unwilling to provide the data necessary to review on-peak usage by rate plan for any purpose.

⁴ Given the level of rate switching which is possible, daily customer counts by rate schedule may be more appropriate for this and other ratecase purposes.

Number of Data Requests Propounded by Staff in this Docket

Commissioner Hahn requested clarity as to whether the “data requests” referenced on Slide 8 of Evergy’s presentation were in this docket or any other docket, to which Mr. Caisley stated that the data requests were propounded in this docket. For clarity, Staff has not, to date, propounded a single data request in EW-2023-0199. Staff did file in the docket, as available on the EFIS docket sheet, requests for information. Those requests were filed on April 16 (Item 6 in EFIS), June 8 (Item 13 in EFIS), and July 19 (Item 20 in EFIS). Evergy’s responses to those requests are also available to the Commission in the EFIS docket for this case. Because this is a working docket Staff preferred the transparency of this approach. In other words, all discovery propounded by Staff in this working docket is available for the Commission to review.⁵

⁵ Additional discovery is ongoing in Case No. EC-2024-0192, related to specific concerns with Evergy’s handling of the education concerning ToU. Additional discovery is also ongoing in that case and Case No. EO-2024-0002 related to Evergy’s current and future ability to access or report customer usage and customer counts by rate schedule. Some discovery also occurred in ET-2024-0061.