

Exhibit No. 38

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Issue: Subscription Pricing Pilot Program
Witness: Ryan Hledik
Type of Exhibit: Surrebuttal Testimony
Sponsoring Party: Evergy Missouri Metro and Evergy Missouri
West
Case No.: ER-2022-0129 / 0130
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MISSOURI PUBLIC SERVICE COMMISSION

CASE NOS.: ER-2022-0129 / 0130

SURREBUTTAL TESTIMONY

OF

RYAN HLEDIK

ON BEHALF OF

EVERGY MISSOURI METRO and EVERGY MISSOURI WEST

**Kansas City, Missouri
August 2022**

SURREBUTTAL TESTIMONY

OF

RYAN HLEDIK

Case No. ER-2022-0129 / ER-2022-0130

1 **Q. Please state your name and business address.**

2 A. My name is Ryan Hledik. I am a Principal of The Brattle Group. My business address is
3 415 Mission Street, Suite 5010, San Francisco, CA 94105.

4 **Q: Are you the same Ryan Hledik who previously submitted direct testimony in these**
5 **dockets?**

6 A: Yes.

7 **Q: On whose behalf are you testifying?**

8 A: I am testifying on behalf of Evergy Metro, Inc. d/b/a Evergy Missouri Metro (“Evergy
9 Missouri Metro” or “EMM”) and Evergy Missouri West, Inc. d/b/a Evergy Missouri West
10 (“Evergy Missouri West” or “EMW”) (collectively, “Evergy” or the “Company”).

11 **Q: What is the purpose of your surrebuttal testimony?**

12 A: The purpose of my surrebuttal testimony is to respond to comments regarding Evergy’s
13 subscription pricing pilot proposal in the rebuttal testimony of the Office of the Public
14 Counsel (“OPC”) witnesses Marke and Kremer, and MPSC Staff (“Staff”) witnesses King
15 and Lange.

16 **Q: Please summarize your surrebuttal testimony.**

17 A: OPC and Staff have mischaracterized Evergy’s subscription pricing pilot proposal and have
18 overstated its risks. In some cases, OPC’s and Staff’s description of the proposal is simply

1 incorrect. In many other cases, as I discuss further in my surrebuttal testimony, concerns
2 about subscription pricing are unsubstantiated.

3 OPC's and Staff's comments ignore the value of subscription pricing to consumers,
4 and overlook several risk-minimizing features of the proposal that are important for the
5 Commission to consider. Specifically:

- 6 - At this point, Evergy is proposing subscription pricing as a participation-capped
7 pilot, which will allow Evergy to gain experience and gather data on the
8 performance of subscription pricing in order to optimize its design before
9 making a decision about moving forward with a full-scale offering.
- 10 - The subscription pricing pilot offer would be opt-in and entirely voluntary for
11 any customer. No customer will be forced on to the offer. Concerns about the
12 fairness of subscription pricing are unfounded, because customers will adopt
13 the offer only if it is their preference to do so.
- 14 - Customers will know, with 100% certainty, what their bill will be under the
15 offer for the full 12-month term of the offer. With this information, customers
16 can make an informed decision that is in their own best interest. Respectfully,
17 customers are in a better position than OPC, Staff, or anyone else to understand
18 their own preferences for risk and transparency.
- 19 - Subscription pricing does not "compete" with time-of-use ("TOU") rates.
20 Subscription pricing appeals to a different portion of the customer base.
21 Whereas TOU rates may appeal to customers who appreciate the opportunity to
22 reduce their bill by shifting load, subscription pricing will appeal to other
23 customers that value a transparent and entirely predictable bill. I expect there

1 to be limited overlap between the two groups of customers that would be
2 attracted to those two rate options.

3 - Any over- or under-collection of revenues from subscription pricing
4 participants will be absorbed by Evergy's shareholders. The introduction of the
5 subscription pricing pilot will have virtually no impact on non-participants. In
6 other words, any customer who chooses not to accept the subscription pricing
7 offer will remain essentially unaffected.

8 - Subscription pricing is a proven concept in other jurisdictions. At least 11
9 utilities and their regulatory commissions in nine states have seen value in
10 subscription pricing and adopted subscription pricing either as a pilot or as a
11 full-scale rollout.

12 It is surprising that OPC and Staff, organizations with the mission of promoting
13 consumer interests, would advocate for preventing those same consumers from having
14 access to an innovative, transparent, and entirely voluntary new rate option which could
15 serve as a platform for a variety of beneficial customer offerings in the future. I caution
16 the Commission against adopting OPC's and Staff's position of seemingly assuming to
17 know more about consumers' preferences than those consumers know about themselves.
18 Residential customers are not a single homogeneous group; in adopting the subscription
19 pricing pilot, the Commission would acknowledge the significant diversity in preferences
20 that exists among residential customers in Missouri.

21 **Q: How is the rest of your testimony organized?**

22 A: In the remainder of my testimony, I respond to key points made by the OPC and Staff
23 witnesses. I conclude with a summary of my observations.

1 **Q: Will subscription pricing result in participants being overcharged?**

2 A: No. Contrary to stakeholder assertions, participants will not be “overcharged” with
3 subscription pricing.¹ Participants will be billed based on expectations about their future
4 usage, with additional charges to balance the risk that Evergy is assuming by offering a
5 completely fixed bill. As I described in my direct testimony, Evergy takes on several new
6 sources of risk when enrolling customers in an entirely fixed bill.² In this sense,
7 subscription pricing participants are receiving an additional service from Evergy, and the
8 cost of that service needs to be recovered through the rate. The “risk premium” that is
9 included in Evergy’s subscription pricing proposal is an element of every subscription
10 pricing offer that I am aware of, with precedent in several other jurisdictions, as noted
11 previously.

12 In fact, Evergy will accept additional risks that are not mitigated by the subscription
13 pricing offer, due to inherent difficulty in quantifying these risks. Additional risks that will
14 be taken on by Evergy at no cost to consumers include the following:

- 15 - Non-weather usage increase: The risk premium that is included in the
16 subscription pricing offer does not account for the risk of non-weather related
17 usage increases, such as adoption of new electric loads or the addition of
18 occupants in the home.
- 19 - Limited weather data: Calculation of the risk premium currently is based on
20 only 10 years of historical variation in weather and usage data, due to limits on
21 data availability. A broader historical perspective on usage and/or analysis that

¹ ER-2022-0129 and ER-2022-0130, Lange Rebuttal Testimony, page 3 line 17.

² Hledik Direct Testimony, page 13 lines 23 and 24, and page 14 lines 1 through 17.

1 factors in future weather fluctuations associated with climate change likely
2 would identify additional usage-related risk to Evergy.

3 - Self-selection bias risk: There is a risk that subscription pricing participants
4 could be inherently different than the class-representative customer sample
5 used to analyze risks when designing the offer. For example, participants could
6 be more weather sensitive than the class on average, and therefore more likely
7 to introduce revenue loss risk to Evergy.

8 Subscription pricing will not be marketed to customers as a bill-minimizing option.
9 Its advantages are simplicity, transparency, and predictability. It will appeal to customers
10 who accept that they may or may not end up paying a little more on their bill in order to
11 shift all risk of variation in price and usage over to Evergy.

12 Further, some subscription pricing participants will end up paying less than they
13 otherwise would under their current rate due to inherent challenges in forecasting each
14 individual participant's usage, and other such factors. The extent that this occurs will vary
15 from one year to the next and is the reason the risk premium is necessary.

16 Lastly, it is important to recognize that Evergy's subscription pricing pilot proposal
17 is entirely voluntary. Customers will know exactly how much they will be charged, and it
18 is entirely up to them to decide whether they want to accept that offer. For each 12-month
19 period, there are no retroactive increases to participant bills or rates, and there is zero risk
20 that participants will end up paying more than they expected when enrolling. Subscription
21 pricing literally is the most transparent and predictable rate design possible from the
22 customer's perspective.

1 **Q: How will subscription pricing participants be encouraged to manage their electricity**
2 **use?**

3 A: While stakeholders have characterized subscription pricing as leading to unlimited usage,
4 there are two strong incentives for customers to manage their energy use when enrolled in
5 subscription pricing.³ The first is the “efficiency incentive” which provides customers
6 with a financial reward for using less. The second is the fact that the customer’s
7 subscription pricing offer for the following year will be based on their weather-normalized
8 usage during the prior year; if customers increase their usage while enrolled in subscription
9 pricing (incremental to any weather impacts), the price in future subscription pricing offers
10 will be higher, and vice versa.

11 Stakeholders have asserted that subscription pricing will increase usage without
12 providing any empirical evidence regarding the extent to which this may or may not be the
13 case. Uncertainty in that regard, and the potential mitigating impact of the efficiency
14 incentive, is one of the primary reasons Evergy is initially proposing subscription pricing
15 as a participation-capped pilot. It will be important to develop a clear empirical
16 understanding of changes in the usage of subscription pricing participants before rolling
17 out the offering at scale, so that its design and any accompanying incentives related to
18 energy efficiency can be adjusted accordingly.

19 Relatedly, OPC witness Marke’s theory that subscription pricing is an attempt to
20 increase capital expenditures through increased usage is entirely unsubstantiated.⁴ As
21 noted above, there is uncertainty around the extent to which customer usage will change
22 when enrolled in subscription pricing. If usage does increase, proportionally higher usage

³ ER-2022-0129 and ER-2022-0130, Kremer Rebuttal Testimony, page 16 lines 15 through 17, page 17 lines 13 through 15, and page 17 line 24 through page 18 line 2. Marke Rebuttal Testimony, pages 19 lines 4-9.

⁴ ER-2022-0129 and ER-2022-0130, Marke Rebuttal Testimony, page 19 lines 3 through 9.

1 during non-peak hours could result in a rate decrease for all customers, due to Evergy's
2 capital costs being spread over a proportionally larger sales base. These types of issues
3 need to be explored further through a pilot before concluding that Missouri customers
4 should be prevented from having access to the benefits of subscription pricing.

5 **Q: Will subscription pricing be marketed as an “unlimited” rate plan?**

6 A: No, it will not. While the term “unlimited” was analyzed along with other messaging
7 alternatives in preliminary market research materials, Evergy will not market subscription
8 pricing to customers as an “unlimited” rate plan. The purpose of subscription pricing is
9 not to encourage increased energy use. My understanding is that Evergy's marketing of
10 subscription pricing will feature the cost-saving benefits of the efficiency incentive and the
11 opportunity to incorporate the purchase of an energy-saving smart thermostat into the
12 monthly payment when enrolling. The surrebuttal testimony of Evergy witness Winslow
13 discusses this further.

14 **Q: Will the efficiency incentive result in energy efficiency improvements?**

15 A: While stakeholders argued that the efficiency incentive will be ineffective, they have
16 provided no support for these assertions other than unsubstantiated “opinion”.⁵ The
17 efficiency incentive included in the subscription pricing offer provides participants with a
18 direct payment if they consume the same or less electricity under subscription pricing than
19 they had previously (on a weather-normalized basis). This is an unequivocal incentive for
20 customers to use less. The impact of this incentive should be analyzed through a pilot to
21 determine the extent of its effectiveness, and Evergy has proposed to conduct that analysis.

⁵ ER-2022-0129 and ER-2022-0130, Marke Rebuttal Testimony, page 20 lines 18 through 22.

1 **Q: Is Evergy's subscription pricing proposal different than the Company's Average**
2 **Payment Plan?**

3 A: Yes. Stakeholders have asserted that Evergy's Average Payment Plan provides the same
4 benefits as subscription pricing.⁶ While the Average Payment Plan and the subscription
5 pricing proposal may appear similar on the surface and are both beneficial, from the
6 customer's perspective they are two distinctly different options.

7 While the Average Payment Plan does reduce monthly bill volatility relative to the
8 standard rate, its participants are still exposed to the financial risk associated with any
9 weather-related changes in usage, and any fluctuations in the standard rate. Subscription
10 pricing insulates customers from this risk for the full 12-month term of the offer.

11 Additionally, under the Average Payment Plan, bill volatility still occurs in the form
12 of adjustments to the customer's monthly payment amount. According to Evergy analysis
13 of Average Payment Plan data, more than 70% of Average Payment Plan participants
14 experienced a bill change during the recent one-year period between early August 2021
15 and early August 2022. At least 20% of participants experienced three or more bill changes
16 during that period. The magnitude of the bill change is 10% at a minimum, and could be
17 greater than that. Additionally, Average Payment Plan participants must pay a
18 reconciliation payment when they exit the plan, if it has resulted in under-collection of
19 billed revenue. In contrast, subscription pricing locks in a monthly payment for a full year
20 and decouples the customer's bill from fluctuations in usage and cost in that year. There
21 are no true-ups and no increases in the customer's bill for the full 12-month term of the
22 subscription pricing offer.

⁶ ER-2022-0129 and ER-2022-0130, Kremer Rebuttal Testimony, page 17 lines 1 and 2.

1 Additionally, it is critical to understand that subscription pricing is not just a fixed
2 bill. It can and should be a platform for facilitating achievement of the state’s energy goals.
3 Evergy’s subscription pricing proposal includes an optional add-on to promote smart
4 thermostat adoption, as well as the efficiency incentive. In the future, as Evergy gains
5 experience with subscription pricing, this concept could be extended to other areas, such
6 as electric vehicle (“EV”) charging or clean energy tariffs.⁷ Budget billing does not offer
7 these opportunities.

8 Lastly, as I noted in my direct testimony, all utilities with full-scale subscription
9 pricing offerings also offer customers budget billing options that are similar in concept to
10 Evergy’s Average Payment Plan. The presence of both offerings on at least eight different
11 utility tariffs is tangible evidence that the two are materially different customer offerings.

12 **Q: Is subscription pricing well suited for times of economic uncertainty?**

13 A: Absolutely. Staff has noted that “Given the unpredictability of COVID-19, inflation, and
14 economic uncertainty, Staff cannot in good conscience support a pilot program that
15 removes protections and disclosures mandated in 13.020 Billing and Payment Standards.”⁸
16 However, the unpredictability of factors such as Covid and inflation are exactly what will
17 make subscription pricing an attractive offer to customers. If anything, these recent
18 developments should enhance the appeal of subscription pricing. Given the increased
19 economic uncertainty that consumers face today, being able to eliminate uncertainty in
20 their electricity bill is a valuable option. A subscription pricing participant will have
21 increased predictability in their bill throughout the year, not the other way around.

⁷ Ms. Winslow’s testimony further addresses the removal of the Green Pricing tariff in this filing.

⁸ ER-2022-0129 and ER-2022-0130, King Rebuttal Testimony page 11 lines 14 through 16.

1 **Q: Are analogies from other industries (e.g., streaming services, cell phone plans)**
2 **relevant when discussing subscription pricing for electricity customers?**

3 A: Yes. Staff and OPC have argued that such analogies are not relevant when discussing rate
4 design concepts for electric utilities, but I disagree.⁹ My reference to subscription-based
5 services from other industries highlights that subscription pricing is a common form of
6 pricing that consumers regularly encounter in their everyday lives. In this sense, Evergy's
7 customers would have familiarity with the concept of paying a fixed fee for a service that
8 they use regularly.

9 Regulated utilities are similar to the examples from the other industries in that all
10 are retail customer-facing and in many cases a large share of their costs are fixed. By
11 giving customers access to a diverse choice of rate structures, the Commission can, through
12 regulation, replicate the efficient outcome of competitive retail markets from other
13 industries, in which different products are developed to address the needs of a
14 heterogeneous customer base.

15 **Q: Is subscription pricing too complex to explain to customers?**

16 A: Absolutely not. The point of subscription pricing is its simplicity. A single monthly bill
17 amount, which participants will know with complete certainty for a full year, is a very easy
18 concept to convey to customers.

19 Staff witness King asserts that it would be too complicated to explain every charge
20 underlying the subscription pricing offer to customers.¹⁰ We are in agreement on this
21 point. It would be highly counterproductive to market and describe the calculation of each
22 individual charge in the subscription pricing offer to customers. Further, it would be

⁹ ER-2022-0129 and ER-2022-0130, King Rebuttal Testimony page 12 lines 8 through 11 and Kremer Rebuttal Testimony page 14 lines 17 through 21 and page 17 lines 15 through 23.

¹⁰ ER-2022-0129 and ER-2022-0130, King Rebuttal Testimony page 12 lines 15 through 20.

1 unreasonable to expect Evergy to communicate each of these individual charges for the
2 same reason that it does not make sense to explain to customers the various allocated costs
3 that are behind the prices in each period of a TOU rate during TOU marketing initiatives.
4 Very few customers would have the appetite for that level of detail. Each subscription
5 pricing charge will be documented in the tariff, but it is not necessary to explain these
6 nuanced details in customer outreach materials. Giving customers an offer for a bill that
7 will be known with 100% certainty goes beyond the transparency that can be achieved
8 through any other rate design.

9 **Q: Should the Commission’s decision to approve the subscription pricing proposal**
10 **depend on whether or not offering subscription pricing requires advanced metering**
11 **infrastructure (“AMI”)?**

12 A: No. OPC witness Marke opposes subscription pricing on the basis that it does not leverage
13 AMI.¹¹ I agree that it is important for Evergy to leverage its AMI investment to provide
14 valuable new opportunities to its customers, and I have published extensively on the
15 benefits of time-varying rates. However, that does not mean that every rate design offered
16 by Evergy needs to be time-varying. Customers are a heterogeneous group – a rate that is
17 appealing to some customers, such as a TOU rate, will not appeal to everyone.

18 I do not expect Evergy’s subscription pricing offer to “compete” for the customers
19 who are motivated by bill savings under the TOU option. Even among participants in TOU
20 rates, I have observed in analysis of TOU offerings that 75% to 80% of peak usage
21 reduction may come from only 15% to 20% of participants. In other words, many
22 customers who enroll in TOU rates are not engaged in the rate and do little to respond to

¹¹ ER-2022-0129 and ER-2022-0130, Marke Rebuttal Testimony page 19 line 11 through page 20 line 2.

1 its price signals. Similarly, customers who could reduce their bill under TOU rates do not
2 always accept the offer, even when defaulted on to the TOU rate, for a variety of reasons.
3 Energy needs to have attractive rate options for the subset of its customers who are not
4 inclined specifically toward TOU rates. Subscription pricing is one such alternative.

5 Additionally, subscription pricing is a platform for offering a variety of services,
6 some of which would leverage AMI in the future. For example, a subscription pricing offer
7 similar to those of Xcel Energy and Austin Energy, which provides off-peak EV charging
8 for a fixed fee, could leverage AMI to monitor off-peak EV charging. Similarly, one could
9 envision a “peak incentive” similar in concept to the “efficiency incentive” in the current
10 proposal, which would require interval metering for measurement and verification. The
11 scope of the initial subscription pricing pilot needs to be constrained to avoid over-
12 complicating the early deployment, but there are many ways in which AMI could be
13 leveraged through this platform in the future to further enhance its contributions to the
14 achievement of state energy goals.

15 **Q: Will the subscription pricing pilot offer be tailored to each customer?**

16 A: Yes, the subscription pricing pilot offer is tailored to each customer. Specifically, each
17 customer will receive a unique offer that is based in part on his or her prior usage.

18 Irrespective of this fact, OPC witness Kremer asserts that the subscription pricing
19 offer will not be tailored to each individual customer, because its calculation is based on a
20 class-level weather normalization factor and because the same risk premium is applied to
21 all participants.¹² Class-level weather normalization factors are used out of necessity,
22 because there is not enough historical billing data on individual customers to produce a

¹² ER-2022-0129 and ER-2022-0130, Kremer Rebuttal Testimony page 15 lines 15 through 18.

1 statistically meaningful customer-specific weather normalization adjustment. The risk
2 premium addresses factors that are not customer-specific, such as the risk that fuel costs
3 will be higher than expected during the subscription pricing term. It is possible that both
4 of these factors could become more tailored over time, as the company gains experience
5 with subscription pricing and as more AMI data becomes available.

6 **Q: How will subscription pricing impact non-participants?**

7 A: Customers who choose not to accept the subscription pricing offer will remain largely
8 unaffected by its introduction. As I discussed in my direct testimony, non-participants are
9 almost entirely insulated from the financial impacts of the subscription pricing proposal,
10 because Evergy's shareholders will absorb any under- or over-collection of revenues.¹³

11 Staff witness Lange asserts that Evergy will charge non-participating customers
12 \$150 per participant under subscription pricing.¹⁴ However, as I discussed in my direct
13 testimony, each participant's subscription pricing offer will include a "program cost adder"
14 which is designed to recover from participants the costs of implementing subscription
15 pricing, such as measurement and verification ("M&V"), marketing, and general program
16 administration and overhead. Initially, this charge will be set at up to \$2.50 per month.¹⁵
17 Evergy will credit any cumulative revenue from the program cost adder against deferred
18 marketing costs. When subscription pricing is available to all customers and participation
19 has reached its anticipated steady-state level, the program cost adder is intended to fully
20 recover subscription pricing program costs. At that point, non-participants will not bear
21 subscription pricing program costs. In the pilot phase, only a modest portion of program

¹³ ER-2022-0129 and ER-2022-0130, Hledik Direct Testimony page 21 lines 16 through 20.

¹⁴ ER-2022-0129 and ER-2022-0130, Lange Rebuttal Testimony, page 3 line 20.

¹⁵ ER-2022-0129 and ER-2022-0130, Hledik Direct Testimony page 17 lines 3 through 14.

1 administration costs may be socialized across the residential class, as referred to by Ms.
2 Winslow.

3 **Q: Will participants be subject to fees if they deviate from their estimated fixed fee**
4 **amount?**

5 A: No. OPC witness Marke's statement that "customers will be subject to fees if they deviate
6 from their estimated fixed fee amount" is factually incorrect.¹⁶ There are no new or hidden
7 fees if customer usage changes during the 12-month subscription pricing term. The
8 subscription pricing pilot offer initially presented to each customer includes all fees, period.
9 Customers know exactly what they will be paying. The only way that a customer's
10 financial outcome could change is if they earn the efficiency incentive, in which case they
11 would be paid at the end of the one-year term.

12 **Q: The subscription pricing pilot proposal includes a smart thermostat add-on. Do you**
13 **expect that add-on to be beneficial?**

14 A: Yes, there is potentially significant value in the add-on. I disagree with OPC witness
15 Marke's assertion that the benefits of the add-on can be achieved without subscription
16 pricing.¹⁷

17 Subscription pricing will be a new channel through which to attract customers to
18 smart thermostat adoption. Subscription pricing also provides customers with a new
19 mechanism for paying for these options which does not currently exist. I expect the effect
20 of subscription pricing on adoption of smart thermostats to be additive and to reach
21 customers who otherwise would not make that purchase. With the benefit of learning from
22 the smart thermostat add-on as a test case during the pilot, Evergy could then explore

¹⁶ ER-2022-0129 and ER-2022-0130, Marke Rebuttal Testimony page 20 line 19.

¹⁷ ER-2022-0129 and ER-2022-0130, Marke Rebuttal Testimony page 20 line 24 through 27.

1 options for promoting the adoption of additional measures that align with the state’s energy
2 policy goals, such as carbon-free generation or off-peak EV charging.

3 **Q: Is subscription pricing inconsistent with Commission policy?**

4 A: No, not that I am aware. In fact, as I have stated previously in my testimony, subscription
5 pricing can be a platform for advancing the state’s policy objectives. I find it difficult to
6 imagine that the Missouri PSC has adopted policy that prohibits offering customers an
7 optional, simple, transparent, predictable, and cost-based rate with features that could be
8 used to promote the adoption of clean and flexible technology.

9 Despite his own admission that he is unfamiliar with subscription pricing¹⁸, OPC
10 witness Marke concludes that the subscription pricing proposal should be rejected, citing
11 inconsistency with “commission policy” as a reason.¹⁹ In response to a data request, Mr.
12 Marke indicated that he is specifically referring to the Public Utility Regulatory Policy Act
13 (PURPA) of 1978, which he states “eliminated promotional rate structures except when
14 they could be justified by the cost structure of the utilities.”²⁰

15 First, subscription pricing is not a “promotional” rate structure. The price of the
16 subscription pricing offer is set based on Evergy’s established residential rate and the
17 participant’s expected usage during the 12-month subscription pricing term. Customers
18 are charged based on their expected cost to serve.

19 Further, subscription pricing is justified by Evergy’s cost structure. Under
20 subscription pricing, Evergy is compensated for the costs of implementing the subscription
21 pricing program, and for additional financial risk that the company takes on when offering
22 an entirely fixed bill – risk that does not exist in the standard residential rate.

¹⁸ ER-2022-0129 and ER-2022-0130, Marke Rebuttal Testimony page 18 lines 9 through 10.

¹⁹ ER-2022-0129 and ER-2022-0130, Marke Rebuttal Testimony page 21 lines 6 through 7.

²⁰ Evergy Question No. Evergy-8 to OPC.

1 Lastly, in their testimony the OPC witnesses simultaneously refer to subscription
2 pricing as a “discount” or “promotional” rate²¹ and also as a rate that will overcharge
3 customers²². This is inherently contradictory and highlights a fundamental
4 misunderstanding of the subscription pricing concept.

5 **Q: Has the rebuttal testimony of the OPC and Staff witnesses changed your conclusions**
6 **about Evergy’s subscription pricing proposal?**

7 A: No. Staff and OPC have overstated the risks of Evergy’s subscription pricing proposal;
8 these risks will be mitigated by several important features of the subscription pricing
9 design. Staff’s and OPC’s testimony overlooks the value that subscription pricing can offer
10 to customers, and assumes away the fundamental fact that residential customers in Missouri
11 are a heterogeneous group with a range of preferences for risk and bill stability.

12 Evergy has proposed to test subscription pricing as a pilot, so that the company,
13 stakeholders, and the Commission can become better informed about its benefits and
14 potential risks. The initial scope of the pilot includes innovative features, such an energy
15 efficiency incentive and an add-on to promote smart thermostat adoption. These features
16 are intended to be an initial demonstration of the potential of using subscription pricing not
17 only to provide customers with stability and bill transparency, but also to advance the
18 state’s energy goals. Over time, as Evergy and the Commission collectively gain
19 experience with the initial subscription pricing offering, the program’s design can continue
20 to be optimized to maximize these benefits for consumers. The first step is for the
21 Commission to approve Evergy’s proposal, so that the Company can deploy a pilot and
22 begin to develop on-the-ground experience with the subscription pricing concept.

²¹ ER-2022-0129 and ER-2022-0130, Marke Rebuttal Testimony page 20 lines 6 through 14.

²² ER-2022-0129 and ER-2022-0130, Kremer Rebuttal Testimony, page 14 line 11, page 15 lines 5 and 9 through 10, and page 16 line 26.

1 Q: Does that conclude your testimony?

2 A: Yes, it does.

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

In the Matter of Evergy Metro, Inc. d/b/a Evergy)
Missouri Metro's Request for Authority to) Case No. ER-2022-0129
Implement A General Rate Increase for Electric)
Service)

In the Matter of Evergy Missouri West, Inc. d/b/a)
Evergy Missouri West's Request for Authority to) Case No. ER-2022-0130
Implement A General Rate Increase for Electric)
Service)

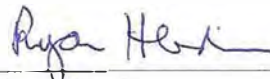
AFFIDAVIT OF RYAN HLEDIK

STATE OF OREGON)

COUNTY OF Clackamas)
SS

Ryan Hledik, being first duly sworn on his oath, states:

1. My name is Ryan Hledik and I am a Principal of The Brattle Group.
2. Attached hereto and made a part hereof for all purposes is my Surrebuttal Testimony on behalf of Evergy Missouri Metro and Evergy Missouri West consisting of seventeen (17) pages, having been prepared in written form for introduction into evidence in the above-captioned docket.
3. I have knowledge of the matters set forth therein. I hereby swear and affirm that my answers contained in the attached testimony to the questions therein propounded, including any attachments thereto, are true and accurate to the best of my knowledge, information and belief.



Ryan Hledik

Subscribed and sworn before me this 16 day of August 2022.



Notary Public

My commission expires: 04/08/2025

