

Exhibit No.:
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Education; Violation of
Commission Rule
20 CSR 4240 -13.015(1)(C)*
Witness: *Sarah Fontaine*
Sponsoring Party: *MoPSC Staff*
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Case No.: *EC-2024-0092*
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MISSOURI PUBLIC SERVICE COMMISSION
FINANCIAL & BUSINESS ANALYSIS DIVISION
CUSTOMER EXPERIENCE DEPARTMENT

SURREBUTTAL TESTIMONY
OF
SARAH FONTAINE

**Evergy Metro, Inc., d/b/a Evergy Missouri Metro and
Evergy Missouri West, Inc., d/b/a Evergy Missouri West**

CASE NO. EC-2024-0092

Jefferson City, Missouri
June 2024

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SARAH FONTAINE

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1 **SURREBUTTAL TESTIMONY OF**

2 **SARAH FONTAINE**

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4 **Evergy Missouri West, Inc., d/b/a Evergy Missouri West**

5 **CASE NO. EC-2024-0092**

6 Q. Are you the same Sarah Fontaine who has pre-filed direct testimony in
7 this matter?

8 A. Yes.

9 **EXECUTIVE SUMMARY**

10 Q. What is the purpose of your surrebuttal testimony?

11 A. I will address the rebuttal testimony based on Counts 5 and 6 of Staff's Amended
12 Complaint filed in this case by Ms. Katie McDonald of Evergy.

13 **COUNT 5¹ AND COUNT 6² - TIME OF USE EDUCATION AND IMPLEMENTATION**

14 Q. On page 39, line 9, of Ms. McDonald's rebuttal testimony, she states that you
15 "seem to suggest that customers are at least somewhat educated on TOU rates." Would you
16 agree that this is a fair representation of your direct testimony?

17 A. No. My direct testimony focuses on the difference between awareness
18 and education. Evergy made customers aware of the rate changes, while simultaneously
19 causing confusion and unnecessarily alarming customers. Evergy did not adequately educate

¹ Paragraph 47 of Staff's *Complaint* reads as follows: "Evergy has not complied with the Commission's order in the Amended Report and Order in Case Nos. ER-2022-0129 and ER-2022-0130 to implement a program to engage and educate customers in the approximately ten-month lead-in time until its tariff provisions regarding the 2-period TOU rate as the default rate for residential customers becomes effective."

² Paragraph 54 of Staff's *Complaint* reads as follows: "Evergy's attempts at customer education were unreasonable in that they were alarmist and failed to include simple information describing time-based rate plans. Further, Evergy's attempts at customer education are misleading as to the design and operation of the rate plans across seasons."

Surrebuttal Testimony of
Sarah Fontaine

1 its customers regarding Time of Use (TOU) rates as evidenced by multiple examples in my
2 direct testimony.

3 Q. Again on page 39, lines 17-20, of her rebuttal testimony, Ms. McDonald states,
4 “Ms. Fontaine’s testimony confirms that Evergy was quite successful in engaging customers in
5 the TOU campaign, and by at least September 2023, still months before the December 2023
6 deadline to move all customers over to TOU rates, had developed at least a baseline knowledge
7 of education.” Do you agree that your direct testimony confirms the above?

8 A. No, I believe this is a mischaracterization of my testimony. In my testimony,
9 I acknowledge that Evergy engaged with its customers, in that it made them aware of upcoming
10 changes to rate offerings. What Ms. McDonald fails to mention, is that the fashion in which
11 Evergy chose to engage with customers regarding this information caused alarm, confusion,
12 fear, and anger by its customers, the general public, and other stakeholders. I do not consider
13 this to be educational; any sort of attempts at “education” during this time period were
14 over-shadowed by Evergy’s focus on inaccurate and fear based messaging. In this case,
15 education was imperative so that customers could understand the basics of TOU rate structure
16 in order to achieve the benefits in which Staff, the Office of the Public Council (“OPC”),
17 Evergy, and the Commission have all stated TOU rates are based upon. Evergy’s business
18 decisions led to emphasis being put on the wrong things, resulting in a failure to properly
19 educate – which is what the Commission ordered Evergy to do. One example of this messaging
20 includes Evergy’s billboard and paid social media posts which state, “Missouri is moving to
21 time-based rate plans this fall.” This message is inaccurate and misleading. The entire state of
22 Missouri did not move to time-based rates in the fall. Another example is its radio spots which
23 state, “Missouri is being mandated to move to time-based rate plans.” Again, Evergy uses the

1 term “Missouri” rather than accurately identifying that this is for Evergy customers and it also
2 used the alarmist “mandate” terminology as well. Finally, another example is Evergy’s initial
3 “tip” that was on its website landing page in June 2023 stating, “set your thermostat to avoid
4 cooling during summer peak hours of 4-8pm.” While it’s not uncommon to see an energy tip
5 encouraging customers to pre-cool their homes or raise their thermostat by a couple of degrees
6 during peak hours, this phrasing used by Evergy was misleading, alarmist, and dangerous in
7 that customers could perceive it as a recommendation to turn off their air conditioner when it is
8 not safe to do so due to high temperatures.

9 Q. On page 39, lines 22-24, of Ms. McDonald’s rebuttal testimony, she states
10 “Ms. Fontaine’s testimony reaffirms that Evergy’s campaign timeline was reasonable and
11 aligned with the requirements of the Commission’s Order, allowing for ongoing education and
12 engagement beyond the transition date.” Do you agree with this statement?

13 A. In general, I do not. I do not believe it was necessary for Evergy to use the fear
14 based tactics in its outreach efforts to customers leading up to implementation; that was not
15 reasonable. As I stated previously, these tactics overshadowed some of Evergy’s attempts at
16 education during this time period. A substantial amount of money has been spent by Evergy
17 which did result in customer awareness but did not result in appropriate customer education,
18 for the reasons stated above and in previously filed testimony by Staff. I do not take issue with
19 ongoing education and engagement beyond the transition date; however, this is with several
20 caveats. First, if funds are to be spent on customer education, this education should be accurate,
21 targeted, easy to understand by the average customer, and not contain alarmist/fear based
22 language that detracts from educational messaging. Second, outreach methods and materials

1 should be minimalistic, targeted and only shared as necessary to ensure that customers are not
2 confused and overwhelmed.

3 Q. On page 40, lines 4-8, of Ms. McDonald’s rebuttal testimony, she states “the
4 required timeline for the TOU Order, which requires Evergy to start our education campaign
5 before the 10-month lead in time does not require Evergy to be fully completed with our
6 campaign by the time the transition started. Even if it did, Staff filed its Complaint before the
7 October transition date, uses data taken before October and months before the deadline to move
8 all customers over to TOU rates.” Is this accurate from your perspective?

9 A. No. The *Amended Report and Order* in the ER-2022-0130 case became
10 effective on December 18, 2022, and clearly requires the Company to implement a program to
11 both engage AND educate its customers “in the approximate ten-month lead-in time...” It was
12 a clear expectation from the Commission that Evergy educate customers prior to October. When
13 it was obvious Evergy was running out of time to make customers aware of the new rate
14 structure as well as to accurately educate its customer prior to the transition, Staff filed its
15 complaint. The failure of Evergy to address the items listed above was evident based on surveys
16 provided by Evergy, customer comments, inquiries, and complaints. Evergy continued to place
17 the main focus on awareness numbers rather than education. Simply put, customers deserved
18 and required more education prior to feeling rushed into making a decision on their rate.

19 Q. On page 40, lines 19-23, of her rebuttal testimony, Ms. McDonald states,
20 “I’ve truly been surprised at the questioning of the use of the word mandatory from Staff, OPC
21 and others. Moving to default TOU rates has been referred to as “Mandatory TOU” rates by all
22 parties, Staff, OPC and the Commission since we starting debating this issue during the 2022

1 Evergy Missouri rate case, and likely before that.” Is this true? If so, why does Staff take issue
2 with this type of language?

3 A. Yes, Ms. McDonald’s statement is true in that other parties have used the word
4 mandatory when describing Evergy’s new rates. What I find concerning is that Evergy chose
5 to emphasize the use of the word “mandatory,” over conveying more relevant information
6 concerning the purpose of time-based rates or the bill impacts of the ordered changes to
7 residential rates. This selection of “mandatory,” for emphasis was particularly concerning in
8 that Evergy surveyed its customers and observed that its customers did not respond well to a
9 mandatory rate, and that they wanted options³. As former Commission Chair Rupp stated in
10 his letter to Senators filed in the EW-2023-0199 case:

11 Every rate decision from the PSC is mandatory, as it automatically places
12 customers into a rate they did not choose but were assigned. For years
13 the only choice that would apply to customers is if they had a particular
14 circumstance, such as electric heating, or installing your own solar
15 panels. Most residential homes did not have a viable choice for their
16 energy rates other than the rate they were assigned. The assertion that
17 “the Missouri Public Service Commission has taken away this choice
18 from hundreds of thousands of Missourians” is not reflective of what is
19 happening. This is the first time residential homeowners were given four
20 rate options regardless of their unique circumstances, such as those
21 mentioned above.

22 It was unnecessary for Evergy to use the term “mandate” in its marketing materials and various
23 communications with customers and the public, as this decision was like any other Commission
24 decision in that they are all mandated. Evergy chose to emphasize it this time. The result was
25 reflected in negative comments and concerns expressed by both legislators and customers,⁴ and

³ Case No. EC-2024-0092 Direct Testimony of Sarah Fontaine, Confidential Schedule SF-d3.

⁴ Case No. EC-2024-0092 Direct Testimony of Sarah Fontaine, Schedule SF-d5, Case No. EW-2023-0199 EFIS items 26 and 36.

1 distraction from more relevant information concerning the purpose of time-based rates or the
2 bill impacts of the ordered changes to residential rates.

3 Q. On page 42 lines 15-21, of Ms. McDonald’s rebuttal testimony, she refers to
4 your direct testimony where you stated that Evergy was successful in informing customers that
5 the Company had optional TOU rates at that time. She also further states, “since customers
6 were aware of our past campaign and optional TOU rate, as Ms. Fontaine suggests, it was
7 important that customers understood that the time based rate plans were no longer optional.”
8 Would you agree with this statement?

9 A. No. I think perspective is important. Based on Evergy’s latest quarterly reporting
10 numbers provided in the EW-2023-0199⁵ case, it has 571,487 active customers on TOU rates
11 as of April 4, 2024. The goal for enrollment in the pilot TOU program for 2021 was 3,500
12 customers. As of March 25, 2021 Evergy had reached 5,438 enrollments. To that end, the
13 Company successfully exceeded its goal. However, where the important perspective part comes
14 in, is to point out that 5,438 enrollments is less than one percent of Evergy’s total residential
15 customers who could be enrolled in TOU. This is not such a substantial number of customers
16 that it would warrant the need to use the term “mandatory” in differentiating from the previous
17 pilot program.

18 My direct testimony points out that Evergy successfully exceeded its goals for
19 enrollment numbers for the pilot and due to this, Staff and the Commission encouraged Evergy
20 to use what was learned during the pilot to build their outreach plan for the new TOU rate
21 options. For example, Evergy did not use fear based marketing tactics to inform and educate

⁵ EFIS Item 72 filed on April 19, 2024.

1 customers about the optional rates; however, for reasons unknown to Staff, Evergy chose to use
2 fear based and alarmist marketing this time around.

3 **SHORT/LONG CUSTOMER BILLS – 20 CSR 4240-13.015(1)(C) RULE VIOLATION**

4 Q. Switching gears to the customer complaints and Staff concerns regarding
5 long/short bills as a result of customer’s changing rate plans in the middle of a billing cycle: on
6 page 23, lines 15, Ms. McDonald states, “Evergy believes our process was fair, customer
7 friendly and not in violation...” Do you agree with this statement?

8 A. No, I do not agree that Evergy’s long/short bills were not in violation of
9 Commission rule 13.015(1)(C). While I understand Evergy’s attempts at being customer
10 friendly in allowing customers to switch rates immediately, I think customers who unexpectedly
11 receive a longer and/or more costly bill than planned, or who receive more than one bill per
12 billing cycle, would have concern about this practice. This was evidenced in the customer
13 complaints which brought this matter to the attention of Staff⁶.

14 Commission rule 4240-13.015(1)(C) clearly states, “billing period means a normal
15 usage period of not less than twenty-six (26) nor more than thirty-five (35) days for a monthly
16 billed customer.” If Evergy intended to deviate from Commission Rule, it should have come
17 before the Commission to request a variance of said rule.

18 **CONCLUSION**

19 Q. Does this conclude your surrebuttal testimony?

20 A. Yes, it does.

⁶ Case No. EC-2024-0092 Direct Testimony of Sarah Fontaine, pages 10-11.

BEFORE THE PUBLIC SERVICE COMMISSION

OF THE STATE OF MISSOURI

The Staff of the Missouri Public Service Commission,)	
)	
Complainant,)	
)	
vs.)	Case No. EC-2024-0092
)	
Evergy Metro, Inc d/b/a Evergy Missouri Metro and Evergy Missouri West, Inc d/b/a Evergy Missouri West,)	
)	
Respondents.)	

AFFIDAVIT OF SARAH FONTAINE

STATE OF MISSOURI)	
)	ss.
COUNTY OF COLE)	

COMES NOW SARAH FONTAINE and on her oath declares that she is of sound mind and lawful age; that she contributed to the foregoing *Surrebuttal Testimony of Sarah Fontaine*; and that the same is true and correct according to her best knowledge and belief.

Further the Affiant sayeth not.

Sarah Fontaine
SARAH FONTAINE

JURAT

Subscribed and sworn before me, a duly constituted and authorized Notary Public, in and for the County of Cole, State of Missouri, at my office in Jefferson City, on this 5th day of June 2024.



D. Suzie Mankin
Notary Public