

Sarah L.K. Lange

I received my J.D. from the University of Missouri, Columbia, in 2007, and am licensed to practice law in the State of Missouri. I received my B.S. in Historic Preservation from Southeast Missouri State University, and took courses in architecture and literature at Drury University. Since beginning my employment with the MoPSC I have taken courses in economics through Columbia College and courses in energy transmission through Bismarck State College, and have attended various trainings and seminars, indicated below.

I began my employment with the Commission in May 2006 as an intern in what was then known as the General Counsel's Office. I was hired as a Legal Counsel in September 2007, and was promoted to Associate Counsel in 2009, and Senior Counsel in 2011. During that time my duties consisted of leading major rate case litigation and settlement, and presenting Staff's position to the Commission, and providing legal advice and assistance primarily in the areas of depreciation, cost of service, class cost of service, rate design, tariff issues, resource planning, accounting authority orders, construction audits, rulemakings and workshops, fuel adjustment clauses, document management and retention, and customer complaints.

In July 2013 I was hired as a Regulatory Economist III in what is now known as the Tariff/Rate Design Department. In this position my duties include providing analysis and recommendations in the areas of RTO and ISO transmission, rate design, class cost of service, tariff compliance and design, and regulatory adjustment mechanisms and tariff design. I also continue to provide legal advice and assistance regarding generating station and environmental control construction audits and electric utility regulatory depreciation. I have also participated before the Commission under the name Sarah L. Kliethermes.

Presentations

Midwest Energy Policy Series – Impact of ToU Rates on Energy Efficiency (August 14, 2020)

Billing Determinants Lunch and Learn (March 27, 2019)

Support for Low Income and Income Eligible Customers, Cost-Reflective Tariff Training, in cooperation with U.S.A.I.D. and NARUC, Addis Ababa, Ethiopia (February 23-26, 2016)

Fundamentals of Ratemaking at the MoPSC (October 8, 2014)

Ratemaking Basics (September 14, 2012)

Participant in Missouri's Comprehensive Statewide Energy Plan working group on Energy Pricing and Rate Setting Processes.

Relevant Trainings and Seminars

Regional Training on Integrated Distribution System Planning for Midwest/MISO Region
(October 13-15, 2020)

“Fundamentals of Utility Law” Scott Hempling lecture series (January – April 2019)

Today's U.S. Electric Power Industry, the Smart Grid, ISO Markets & Wholesale Power Transactions (July 29-30, 2014)

MISO Markets & Settlements training for OMS and ERSC Commissioners & Staff
(January 27–28, 2014)

Validating Settlement Charges in New SPP Integrated Marketplace (July 22, 2013)

PSC Transmission Training (May 14 – 16, 2013)

Grid School (March 4–7, 2013)

Specialized Technical Training - Electric Transmission (April 18–19, 2012)

The New Energy Markets: Technologies, Differentials and Dependencies (June 16, 2011)

Mid-American Regulatory Conference Annual Meeting (June 5–8, 2011)

Renewable Energy Finance Forum (September 29–October 3, 2010)

Utility Basics (October 14–19, 2007)

Testimony and Staff Memoranda

<u>Company</u>	<u>Case No.</u>
Evergy Metro, Inc. d/b/a Evergy Missouri Metro Evergy Missouri West, Inc. d/b/a Evergy Missouri West In the Matter of Evergy Metro, Inc. d/b/a Evergy Missouri Metro's Notice of Intent to File an Application for Authority to Establish a Demand-Side Programs Investment Mechanism	EO-2023-0369 EO-2023-0370
Evergy Metro, Inc. d/b/a Evergy Missouri Metro Evergy Missouri West, Inc. d/b/a Evergy Missouri West In the Matter of Evergy Metro, Inc. d/b/a Evergy Missouri Metro's and Evergy Missouri West, Inc. d/b/a Evergy Missouri West's Solar Subscription Rider Tariff Filings	ET-2024-0182
Evergy Metro, Inc. d/b/a Evergy Missouri Metro Evergy Missouri West, Inc. d/b/a Evergy Missouri West The Staff of the Missouri Public Service Commission, Complainant, v Evergy Metro, Inc. d/b/a Evergy Missouri Metro's and Evergy Missouri West, Inc. d/b/a Evergy Missouri West	EC-2024-0092
Evergy Metro, Inc. d/b/a Evergy Missouri Metro Evergy Missouri West, Inc. d/b/a Evergy Missouri West In the Matter of the Joint Application of Evergy Metro, Inc. d/b/a Evergy Missouri Metro and Evergy Missouri West, Inc. d/b/a Evergy Missouri West for Approval of Tariff Revisions to TOU Program	ET-2024-0061
Union Electric Company d/b/a Ameren Missouri In the Matter of the Petition of Union Electric Company d/b/a Ameren Missouri for a Financing Order Authorizing the Issue of Securitized Utility Tariff Bonds for Energy Transition Costs related to Rush Island Energy Center	EF-2024-0021
Evergy Metro, Inc. d/b/a Evergy Missouri Metro Evergy Missouri West, Inc. d/b/a Evergy Missouri West In the Matter of Requests for Customer Account Data Production from Evergy Metro, Inc. d/b/a Evergy Missouri Metro and Evergy Missouri West, Inc. d/b/a Evergy Missouri West	E0-2024-0002
Evergy Metro, Inc. d/b/a Evergy Missouri Metro Evergy Missouri West, Inc. d/b/a Evergy Missouri West In the Matter of Evergy Metro, Inc. d/b/a Evergy Missouri Metro's Request to Revise Its Solar Subscription Rider	EO-2023-0423 EO-2023-0424
Union Electric Company d/b/a Ameren Missouri In the Matter of Union Electric Company d/b/a Ameren Missouri's 4 th Filing to Implement Regulatory Changes in Furtherance of Energy Efficiency as Allowed by MEEIA	ER-2023-0136
Union Electric Company d/b/a Ameren Missouri In the Matter of the Application of Union Electric Company d/b/a Ameren Missouri for Certificates of Convenience and Necessity for Solar Facilities	EA-2023-0286
Union Electric Company d/b/a Ameren Missouri In the Matter of Union Electric Company d/b/a Ameren Missouri's Tariffs to Adjust its Revenues for Electric Service	ER-2022-0337

<u>Company</u>	<u>Case No.</u>
NextEra Energy Transmission Southwest, LLC In the Matter of the Application of NextEra Energy Transmission Southwest, LLC for a Certificate of Public Convenience and Necessity to Construct, Install, Own, Operate, Maintain, and Otherwise Control and Manage a 345 kV Transmission Line and associated facilities in Barton and Jasper Counties, Missouri	EA-2022-0234
Spire Missouri, Inc. In the Matter of Spire Missouri Inc.'s d/b/a Spire Request for Authority to Implement a General Rate Increase for Natural Gas Service Provided in the Company's Missouri Service Areas	GR-2022-0179
Evergy Missouri West, Inc. dba Evergy Missouri West In the Matter of Evergy Missouri West, Inc. dba Evergy Missouri West for a Financing Order Authorizing the Financing of Extraordinary Storm Costs Through an Issuance of Securitized Utility Tariff Bonds	EF-2022-0155
Evergy Metro, Inc. dba Evergy Missouri Metro Evergy Missouri West, Inc. dba Evergy Missouri West In the Matter of Evergy Metro, Inc. dba Evergy Missouri Metro's Request for Authority to Implement a General Rate Increase for Electric Service. In the Matter of Evergy Missouri West, Inc. dba Evergy Missouri West's Request for Authority to Implement a General Rate Increase for Electric Service.	ER-2022-0129 ER-2022-0130
The Empire District Electric Company d/b/a Liberty In the Matter of the Petition of The Empire District Electric Company d/b/a Liberty to Obtain a Financing Order that Authorizes the Issuance of Securitized Utility Tariff Bonds for Energy Transition Costs Related to the Asbury Plant	EO-2022-0193
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The Empire District Electric Company d/b/a Liberty In the Matter of the Request of The Empire District Electric Company d/b/a Liberty for Authority to File Tariffs Increasing Rates for Electric Service Provided to Customers in its Missouri Service Area	ER-2021-0312
Union Electric Company d/b/a Ameren Missouri In the Matter of Union Electric Company d/b/a Ameren Missouri's Tariffs to Adjust its Revenues for Electric Service	ER-2021-0240
Ameren Transmission Company of Illinois In the Matter of the Application of Ameren Transmission Company of Illinois for a Certificate of Public Convenience and Necessity to Construct, Install, Own, Operate, Maintain, and Otherwise Control and Manage a 138 kV Transmission Line and associated facilities in Perry and Cape Girardeau Counties, Missouri	EA-2021-0087

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Spire Missouri, Inc. In the Matter of Spire Missouri Inc.'s d/b/a Spire Request for Authority to Implement a General Rate Increase for Natural Gas Service Provided in the Company's Missouri Service Areas	GR-2021-0108
Union Electric Company d/b/a Ameren Missouri In the Matter of the Request of Union Electric Company d/b/a Ameren for Approval of its Surge Protection Program	ET-2021-0082
Union Electric Company d/b/a Ameren Missouri In the Matter of the Request of Union Electric Company d/b/a Ameren Missouri to Implement the Delivery Charge Adjustment for the 1st Accumulation Period beginning September 1, 2019 and ending August 31, 2020	GT-2021-0055
The Empire District Electric Company In the Matter of The Empire District Electric Company's Tariffs Approval of a Transportation Electrification Portfolio for Electric Customers in its Missouri Service Area	ET-2020-0390
The Empire District Electric Company In the Matter of The Empire District Electric Company's Tariffs to Increase Its Revenues for Electric Service	ER-2019-0374
Union Electric Company d/b/a Ameren Missouri In the Matter of of Union Electric Company d/b/a Ameren Missouri's Tariffs to Decrease Its Revenues for Electric Service	ER-2019-0335
KCP&L Greater Missouri Operations Company In the Matter of KCP&L Greater Missouri Operations Company Request for Authority to Implement Rate Adjustments Required by 4 CSR 240-20.090(8) And the Company's Approved Fuel and Purchased Power Cost Recovery Mechanism	ER-2019-0413
Union Electric Company d/b/a Ameren Missouri In the Matter of of Union Electric Company d/b/a Ameren Missouri's Tariffs to Increase Its Revenues for Natural Gas Service	GR-2019-0077
Union Electric Company d/b/a Ameren Missouri In the Matter of the Application of Union Electric Company d/b/a Ameren Missouri Revised Tariff Sheets	ET-2019-0149
The Empire District Electric Company In the Matter of The Empire District Electric Company's Revised Economic Development Rider Tariff Sheets	ET-2019-0029
The Empire District Electric Company In the Matter of a Proceeding Under Section 393.137 (SB 564) to Adjust the Electric Rates of The Empire District Electric Company	ER-2018-0366

<u>Company</u>	<u>Case No.</u>
Union Electric Company d/b/a Ameren Missouri In the Matter of the Application of Union Electric Company d/b/a Ameren Missouri for Permission and Approval and a Certificate of Public Convenience and Necessity Authorizing it to Construct a Wind Generation Facility	EA-2018-0202
Kansas City Power & Light Company KCP&L Greater Missouri Operations Company In the Matter of Kansas City Power & Light Company's Request for Authority to Implement a General Rate Increase for Electric Service	ER-2018-0145 ER-2018-0146
Union Electric Company d/b/a Ameren Missouri In the Matter of the Application of Union Electric Company d/b/a Ameren Missouri for Approval of Efficient Electrification Program	ET-2018-0132
Union Electric Company d/b/a Ameren Missouri In the Matter of the Application of Union Electric Company d/b/a Ameren Missouri for Approval of 2017 Green Tariff	ET-2018-0063
Laclede Gas Company Laclede Gas Company d/b/a Missouri Gas Energy In the Matter of Laclede Gas Company's Request to Increase Its Revenue for Gas Service, In the Matter of Laclede Gas Company d/b/a Missouri Gas Energy's Request to Increase Its Revenue for Gas Service.	GR-2017-0215 GR-2017-0216
Kansas City Power & Light Company In the Matter of Kansas City Power & Light Company's Demand Side Investment Rider Rate Adjustment And True-Up Required by 4 CSR 240-3.163(8)	ER-2017-0316
Kansas City Power & Light Company In the Matter of Kansas City Power & Light Company's Demand Side Investment Rider Rate Adjustment And True-Up Required by 4 CSR 240-3.163(8)	ER-2017-0167
KCP&L Great Missouri Operations Company In the Matter of KCP&L Greater Missouri Operations Company's Annual RESRAM Tariff Filing	ET-2017-0097
Grain Belt Express Clean Line, LLC In the Matter of the Application of Grain Belt Express Clean Line LLC for a Certificate of Convenience and Necessity Authorizing It to Construct, Own, Operate, Control, Manage, and Maintain a High Voltage, Direct Current Transmission Line and an Associated Converter Station Providing an Interconnection on the Maywood - Montgomery 345 kV Transmission Line	EA-2016-0358
Kansas City Power & Light Company In the Matter of Kansas City Power & Light Company's Demand Side Investment Rider Rate Adjustment And True-Up Required by 4 CSR 240-3.163(8)	ER-2016-0325
Kansas City Power & Light Company In the Matter of Kansas City Power & Light Company's Request for Authority to Implement A General Rate Increase for Electric Service	ER-2016-0285

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Union Electric Company d/b/a Ameren Missouri In the Matter of Union Electric Company d/b/a Ameren Missouri for Permission and Approval and a Certificate of Public Convenience and Necessity Authorizing it to Offer a Pilot Subscriber Solar Program and File Associated Tariff	EA-2016-0207
Union Electric Company d/b/a Ameren Missouri In the Matter of Union Electric Company d/b/a Ameren Missouri's Tariff to Increase Its Revenues for Electric Service	ER-2016-0179
KCP&L Great Missouri Operations Company In the Matter of KCP&L Greater Missouri Operations Company's Request for Authority to Implement a General Rate Increase for Electric Service	ER-2016-0156
Empire District Electric Company In the Matter of The Empire District Electric Company's Request for Authority to Implement a General Rate Increase for Electric Service	ER-2016-0023
Ameren Transmission Company of Illinois In the Matter of the Application of Ameren Transmission Company of Illinois for Other Relief or, in the Alternative, a Certificate of Public Convenience and Necessity Authorizing it to Construct, Install, Own, Operate, Maintain and Otherwise Control and Manage a 345,000-volt Electric Transmission Line from Palmyra, Missouri to the Iowa Border and an Associated Substation Near Kirksville, Missouri	EA-2015-0146
Ameren Transmission Company of Illinois In the Matter of the Application of Ameren Transmission Company of Illinois for Other Relief or, in the Alternative, a Certificate of Public Convenience and Necessity Authorizing it to Construct, Install, Own, Operate, Maintain and Otherwise Control and Manage a 345,000-volt Electric Transmission Line in Marion County, Missouri and an Associated Switching Station Near Palmyra, Missouri	EA-2015-0145
Union Electric Company d/b/a Ameren Missouri In the Matter of Union Electric Company d/b/a Ameren Missouri's 2nd Filing to Implement Regulatory Changes in Furtherance of Energy Efficiency as Allowed by MEEIA	EO-2015-0055
Kansas City Power & Light Company In the Matter of Kansas City Power & Light Company's Request for Authority to Implement a General Rate Increase for Electric Service	ER-2014-0370
Empire District Electric Company In the Matter of The Empire District Electric Company for Authority to File Tariffs Increasing Rates for Electric Service Provided to Customers in the Company's Missouri Service Area	ER-2014-0351
Union Electric Company d/b/a Ameren Missouri City of O'Fallon, Missouri, and City of Ballwin, Missouri, Complainants v. Union Electric Company d/b/a Ameren Missouri, Respondent	EC-2014-0316
Union Electric Company d/b/a Ameren Missouri In the Matter of Union Electric Company d/b/a Ameren Missouri's Tariff to Increase Its Revenues for Electric Service	ER-2014-0258

<u>Company</u>	<u>Case No.</u>
Union Electric Company d/b/a Ameren Missouri Noranda Aluminum, Inc., et al., Complainants, v. Union Electric Company d/b/a Ameren Missouri, Respondent	EC-2014-0224
Grain Belt Express Clean Line, LLC In the Matter of the Application of Grain Belt Express Clean Line LLC for a Certificate of Convenience and Necessity Authorizing It to Construct, Own, Operate, Control, Manage, and Maintain a High Voltage, Direct Current Transmission Line and an Associated Converter Station Providing an Interconnection on the Maywood - Montgomery 345 kV Transmission Line	EA-2014-0207
KCP&L Great Missouri Operations Company In the Matter of KCP&L Greater Missouri Operations Company's Application for Authority to Establish a Renewable Energy Standard Rate Adjustment Mechanism	EO-2014-0151
Kansas City Power & Light Company In the Matter of Kansas City Power & Light Company's Filing for Approval of Demand-Side Programs and for Authority to Establish A Demand-Side Programs Investment Mechanism	EO-2014-0095
Veolia Energy Kansas City, Inc. In the Matter of Veolia Energy Kansas City, Inc. for Authority to File Tariffs to Increase Rates	HR-2014-0066

Exhibit No.:
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Avoided Revenue Mechanisms*
Witness: *Sarah L.K. Lange*
Sponsoring Party: *MoPSC Staff*
Type of Exhibit: *Direct Testimony*
Case Nos.: *EO-2023-0369 and
EO-2023-0370*
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MISSOURI PUBLIC SERVICE COMMISSION

INDUSTRY ANALYSIS DIVISION

TARIFF/RATE DESIGN DEPARTMENT

DIRECT TESTIMONY

OF

SARAH L.K. LANGE

**EVERGY METRO, INC.,
d/b/a Evergy Missouri Metro
CASE NO. EO-2023-0369**

**EVERGY MISSOURI WEST, INC.,
d/b/a Evergy Missouri West
CASE NO. EO-2023-0370**

*Jefferson City, Missouri
May 24, 2024*

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SARAH L.K. LANGE**

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d/b/a Evergy Missouri Metro
Case No. EO-2023-0369**

**EVERGY MISSOURI WEST, INC.,
d/b/a Evergy Missouri West
Case No. EO-2023-0370**

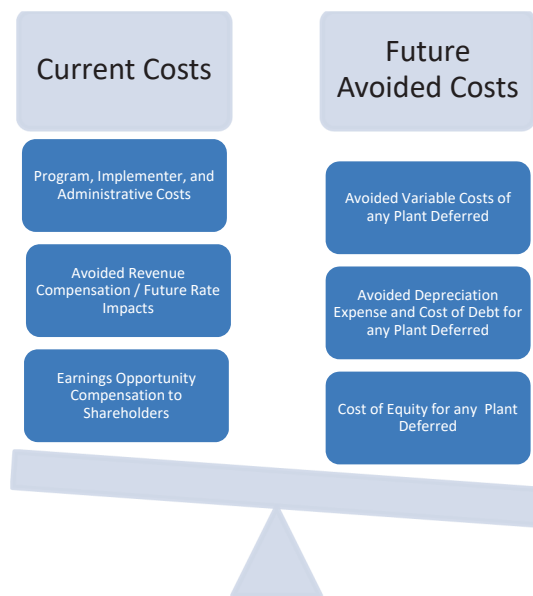
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1 In the event the Commission does authorize a fourth MEEIA cycle for either Evergy
2 utility, the second section of my testimony proposes a framework for a mechanism to “[e]nsure
3 that utility financial incentives are aligned with helping customers use energy more efficiently
4 and in a manner that sustains or enhances utility customers' incentives to use energy more
5 efficiently.”³ In the event the Commission does authorize these MEEIA cycles, the potential
6 of an earnings opportunity mechanism is addressed by Mr. Fortson, and the development of
7 targeted programs is addressed by Mr. J Luebbert.

8 Overview of MEEIA

9 Q. What is the concept behind MEEIA?

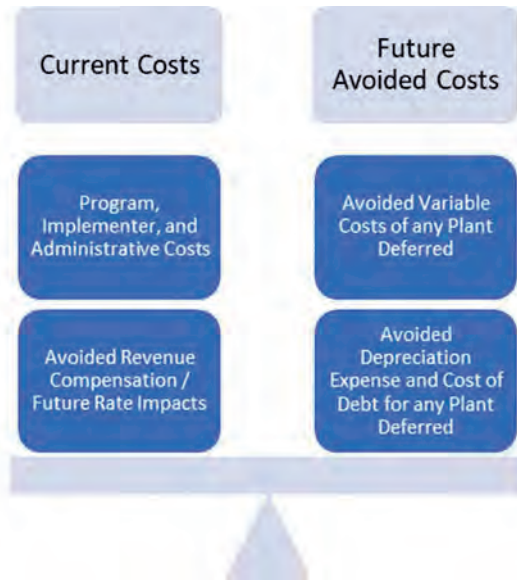
10 A. The concept behind MEEIA is that all customers pay certain amounts today with
11 an expectation that all customers will avoid potential costs in the future.
12



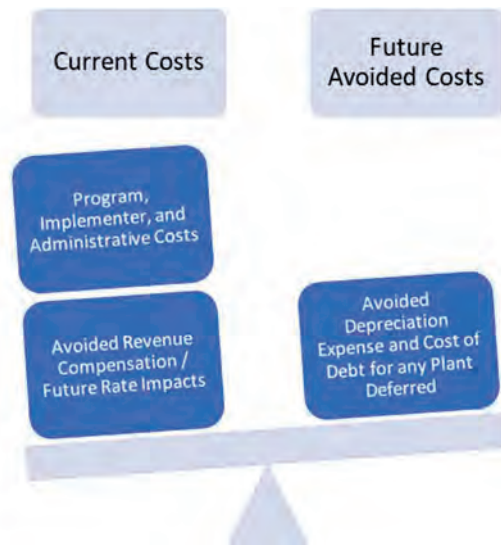
13 One of the potential costs to be avoided in the future is the return on equity portion of
14 the capital costs of a potential generation facility. The MEEIA statute allows a utility to be
15

³ 393.1075.3.(3).

1 compensated today for the reduction in opportunity to earn a return on investment in the future.
2 Ratepayer compensation of this “Earnings Opportunity” cancels out this element from each side
3 of the balance.

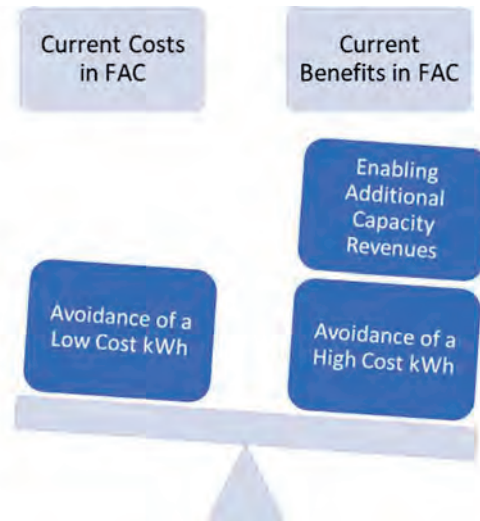


5 Renewable energy investments have very low variable costs. If the MEEIA program
6 avoids or delays a renewable investment, few or any costs can be avoided.



9 However, the operation of the FAC is both a complication and an opportunity to this
10 analysis. If a high cost kWh is avoided, all ratepayers benefit without waiting years for an
11

1 avoided plant. If a demand-side measure reduces a vertically integrated utility's capacity
2 requirements, all ratepayers benefit through additional capacity revenues. However, if a
3 low-cost kWh is avoided, the average cost of fuel and purchased power increases, and
4 ratepayers will bear that cost.



6
7 Measure-by-measure analysis is needed to determine if the FAC operation results
8 in current additional costs to a MEEIA cycle to weigh against potential future benefits, or if
9 the result is an additional current benefit to ratepayers of a potential MEEIA cycle.
10 Additionally, the Commission must consider which ratepayers pay the costs of MEEIA, and
11 which ratepayers receive the benefits of MEEIA that are passed through the FAC, to ensure that
12 fairness is expected.

13 **Summary of Recommendations**

14 Q. If the Commission does authorize a fourth MEEIA cycle for Evergy's Missouri
15 utilities, what mechanisms are appropriate for addressing a utility's financial incentive to
16 facilitate ratepayer-funded demand side programs?

17 A. For Residential and Small General Service (SGS) customers, Staff recommends
18 creation of a new avoided revenues mechanism based on the net variable revenues established

1 in File Nos. ER-2022-0129 and ER-2022-0130, to be updated in future general rate cases.
2 Staff's proposed mechanism tracks actual net variable revenue for each of these classes
3 against the rate case level, and reconciles the difference through the MEEIA rate charged to
4 these classes.

5 For other classes, Staff recommends continued use of the Net Throughput Disincentive
6 mechanism, with refinements.

7 **MEEIA ENABLING STATUTE**

8 Q. What is the "Missouri Energy Efficiency Investment Act?"

9 A. Section 393.1075 RSMo is the "Missouri Energy Efficiency Investment Act,"
10 better known as MEEIA. This statute authorizes MEEIA cycles. It requires the Commission
11 to permit electric corporations to implement programs the Commission has approved, with a
12 goal of achieving all cost-effective demand-side savings.⁴ A package of programs is only
13 eligible under MEEIA if the programs are (1) approved by the Commission, (2) result in energy
14 or demand savings and, (3) are beneficial to all customers in the customer class in which the
15 programs are proposed, regardless of whether the programs are utilized by all customers.⁵
16 Additional details are discussed throughout this testimony.

17 Essentially, if a utility presents a package of demand side programs that the
18 Commission determines are good for all ratepayers in the long term, then the utility gets to
19 charge special rates.

20 Q. In practice, what complications have arisen with this concept?

⁴ 393.1075.4.

⁵ 393.1075.4.

- 1 A. In practice,
- 2 1. It has been difficult to design MEEIA portfolios and mechanisms
3 that are beneficial to all customers in a customer class, regardless of
4 whether the programs are utilized by all customers;⁶
- 5 2. It has been difficult to determine whether any costs have actually
6 been avoided, and whether any earnings opportunities have actually been
7 avoided;
- 8 3. Utility decisions to recover program costs in real time have left
9 utilities without investment in programs upon which to earn a return; and
- 10 4. It has been difficult to reasonably align utility financial incentives
11 with helping customers use energy more efficiently.

12 Q. Are utilities required to have MEEIA cycles?

13 A. No.

14 Q. Can utilities offer demand side programs outside of MEEIA cycles?

15 A. Yes. Commission approval of a MEEIA cycle is necessary only for authorization
16 of extraordinary ratemaking authority related to demand side programs. Demand side programs
17 can be ordered through general rate cases.⁷

18 Q. Is the Commission required to authorize MEEIA cycles?

19 A. No. While the MEEIA statute states, “[i]t shall be the policy of the state to value
20 demand-side investments equal to traditional investments in supply and delivery infrastructure
21 and allow recovery of all reasonable and prudent costs of delivering cost-effective demand-side
22 programs,”⁸ and “[t]he commission shall permit electric corporations to implement

⁶ Similarly, it has been difficult to fairly apportion the costs and benefits of demand-side programs to each customer class. These concepts are discussed throughout this testimony and in the Direct Testimony of Staff expert J Luebbert.

⁷ For example, Liberty Utilities offered energy-efficiency programs without MEEIA until 2018, and Low-Income Weatherization programs are offered outside of MEEIA, and through general rate cases, for all four of Missouri’s investor owned electric utilities.

⁸ 393.1075.3.

1 commission-approved demand-side programs proposed pursuant to this section with a goal of
2 achieving all cost-effective demand-side savings,”⁹ the MEEIA statute specifies:

3 Recovery for such programs shall not be permitted unless the programs
4 are approved by the commission, result in energy or demand savings and
5 are **beneficial to all customers in the customer class in which the**
6 **programs are proposed, regardless of whether the programs are**
7 **utilized by all customers....**¹⁰ [Emphasis added.]

8 While each element of the MEEIA statute has meaning, this language is essentially a
9 threshold for proceeding with a potential MEEIA cycle.

10 **Benefits to all customers**

11 Q. You state above that it has been difficult to design MEEIA portfolios and
12 mechanisms that are beneficial to all customers in a customer class, regardless of whether the
13 programs are utilized by all customers, and that it has been difficult to fairly apportion the costs
14 and benefits of demand-side programs to each customer class. How can a MEEIA cycle benefit
15 all customers, in general?

16 A. The basic premise of MEEIA is that it can make sense for a utility to facilitate
17 programs where all customers pay the cost to help some customers reduce energy consumption,
18 **if** that reduced energy consumption results in avoiding or delaying a costly supply-side
19 resource,¹¹ or by enabling additional revenue from existing supply-side resources.

20 Q. How does a customer who participates in a MEEIA program benefit from
21 MEEIA, if everything works as intended?

⁹ 393.1075.4.

¹⁰ 393.1075.4.

¹¹ A supply-side resource refers to a new power plant.

1 A. For purposes of this example let's consider an exaggerated hypothetical
2 program, where exactly one customer receives one free thermostat, and that free thermostat
3 enables that customer to change its energy consumption in a way that enables a vertically
4 integrated utility to avoid building a new power plant.

5 First, for that MEEIA program participant, that customer has obtained a thermostat,
6 which has a tangible and monetary value. Second, that customer may operate that thermostat
7 in a way that reduces that customer's energy consumption during certain months. That reduced
8 energy consumption will reduce that customer's electric bill for that month, all else being equal.
9 Finally, that customer will benefit from the MEEIA program in the form of future avoided costs
10 associated with the avoidance of building the new power plant.

11 Q. Are any of the benefits for a program participant offset in any way?

12 A. Yes. There are three basic ways that the customer benefits are offset. First, for
13 the literal cost of the thermostat, that participating customer will be paying something like
14 one-millionth of the cost of the thermostat through the MEEIA charge, which appears on
15 customer bills as the Energy Efficiency Investment Charge (EEIC).¹² Second, for the bill
16 savings caused by the thermostat, that customer will be paying something like one-millionth of
17 (1) the estimated revenue that the utility didn't collect from that customer through the EEIC,¹³
18 and (2) the FAC impact of the changes in overall fuel and purchased power costs of the energy
19 the customer didn't require through the FAC.¹⁴ Third, for the future avoided costs, that
20 customer will be providing something like one-millionth of the value of the return on equity

¹² This component is typically referred to as "program costs."

¹³ This component has been referred to as the "net throughput disincentive" or the "throughput disincentive net-shared-benefit," and will be referred to in this testimony as "avoided revenues."

¹⁴ See also J Luebbert direct testimony section "MEEIA and the FAC."

1 associated with the plant that the utility has avoided building through the EEIC.¹⁵ These second
2 and third factors are discussed in greater detail below.

3 Q. How does a customer who does not participate in a MEEIA program benefit
4 from MEEIA under this example?

5 A. That customer will benefit from the MEEIA program in the form of future
6 avoided costs associated with the avoidance of building the new power plant and the subsequent
7 avoidance of those costs in future rates.

8 Q. Is the benefit for a non-participant offset in any way?

9 A. Yes. The offsets to those benefits are the same as for the customer who is a
10 participant in the program. The non-participant customer will be paying something like
11 one-millionth of the cost of the thermostat through the EEIC. The non-participating customer
12 will be paying something like one-millionth of (1) the revenue that each Evergy utility didn't
13 collect from the participating customer through the EEIC, and (2) the FAC impact of the
14 changes in overall fuel and purchased power costs of the energy the participating customer
15 didn't require. Offsetting the future avoided costs, through the EEIC, that non-participating
16 customer will be providing something like one-millionth of the value of the return on equity
17 associated with the plant that a vertically integrated utility has avoided building.

18 **Complications of designing a MEEIA cycle that results in benefits to all customers in a**
19 **class regardless of whether the programs are utilized by all customers**

20 Q. What factors complicate designing a MEEIA cycle that results in benefits to all
21 customers regardless of whether the programs are utilized by all customers?

¹⁵ This component is typically referred to as the "earnings opportunity." See also J Luebbert testimony section "Earnings Opportunity," and Schedule JL-d2 to Mr. Luebbert's testimony, which provides a walk-through of a supply-side deferral.

1 A. Essentially, the challenge is to optimize programs that create high enough
2 avoided costs and low enough program costs so all customers are better off socializing the
3 program costs to create collective benefits for all rate payers. Complicating this analysis, the
4 upfront program costs are borne immediately by ratepayers, by class, while the benefits are less
5 certain, and are spread over a longer period of time and across classes.

6 In our example above, one participant received one thermostat, so each customer paid
7 one-millionth of the cost of that one thermostat. In practice, thousands of customers could
8 receive thermostats, so about half of customers could get a thermostat for half price, and about
9 half of customers could pay for half of a thermostat that they did not get.

10 In our example above, one MEEIA measure entirely avoided a supply side resource.
11 In practice, a decade’s worth of MEEIA cycles may be modeled to defer a supply-side resource
12 by a few years.¹⁶ Further, when Evergy models the interrelationship of supply-side resources
13 and demand-side resources in its IRP, it assumes a package of demand-side measures that may
14 or may not remotely resemble the actual “shape” of measures that are implemented pursuant to
15 a given MEEIA cycle. The Commission does not have the benefit of modeled measure-level
16 avoided capacity costs or supply-side deferrals to consider when considering authorization of a
17 MEEIA cycle.

18 Even if a program can be identified where a great deal of energy sales can be avoided
19 by enabling a relatively inexpensive program, three complications exist. As explained in
20 greater detail by Staff expert J Luebbert, first, through operation of the FAC, unless the avoided
21 energy sales are of above-average wholesale cost per kWh, the avoided energy sales will result

¹⁶ See J Luebbert direct testimony section “Benefits to all customers in a class regardless of whether the programs are utilized by all customers.”

1 in an increase in the FAC rates, which is not a benefit for all customers, and will offset any
2 other benefits received by all customers.¹⁷ Second, through the operation of the FAC, even if
3 the avoided energy sales reduce (rather than increase) the FAC rates, those benefits are
4 socialized across all customers. Because avoided energy benefits largely are distributed to
5 customers through the FAC, to the extent that a MEEIA portfolio or cost recovery mechanism
6 does not distribute program costs across customer classes consistent with avoided benefits, the
7 benefits of avoided energy expenses are disproportionately distributed through the FAC.¹⁸

8 Finally, through the operation of an avoided revenue mechanism, non-participants bear
9 the costs of reimbursing the utility for revenue not received from energy not sold to participants.

10 Q. What is significant about the second FAC issue that you mentioned?

11 A. Pursuant to the MEEIA statute, the Commission may only authorize a MEEIA
12 cycle and the extraordinary rate recovery enabled by the MEEIA statute if the programs are
13 “beneficial to all customers in the customer class in which the programs are proposed,
14 regardless of whether the programs are utilized by all customers,”¹⁹ and “In setting rates the
15 commission shall fairly apportion the costs and benefits of demand-side programs to each
16 customer class.”²⁰ If the benefits of a given MEEIA cycle are primarily avoided energy costs,
17 then the Commission can only authorize recovery of a DSM program under MEEIA to the
18 extent that adequate benefits remain for non-participants in a given class to offset the cost of
19 the programs and other costs of MEEIA.

¹⁷ See J Luebbert direct testimony “MEEIA and the FAC”.

¹⁸ The FAC also distributes certain revenues and costs, see J Luebbert section “Reductions in capacity can create the potential for new capacity revenues through sales to third-parties, but those revenues are generally socialized through all customers through the FAC.”.

¹⁹ 393.1075.4.

²⁰ 393.1075.5.

1 Q. Can Staff provide additional discussion on these issues?

2 A. Yes. I will provide some additional testimony on the reallocation of revenue
3 requirement, avoided costs, and earnings opportunities. Mr. Luebbert provides more detailed
4 testimony on each of these, and the following points:

- 5 1. A decade's worth of MEEIA cycles may be modeled to defer a supply-side
6 resource by a few years, and when modeling the interrelationship of
7 supply-side resources and demand-side resources in its IRP, the subject
8 utility assumes a package of demand-side measures that may not match the
9 measures ultimately offered.²¹
- 10 2. Through operation of the FAC, unless the avoided energy sales are of
11 above-average cost kWh, the avoided energy sales will result in an increase
12 in the FAC rates, which will offset the benefits received by all customers,
13 and through the operation of the FAC, even if the avoided energy sales or
14 enable additional capacity revenues to reduce (rather than increase) the
15 FAC rates, those benefits are socialized across all customers,²² while
16 through the operation of an avoided revenue mechanism, non-participants
17 bear the cost to reimburse the utility for revenue not received from energy
18 not sold to participants.

19 **Avoided costs and avoided earnings opportunities**

20 Q. You state above that it has been difficult to determine whether any costs have
21 actually been avoided, and whether any earnings opportunities have actually been avoided.
22 What are avoided costs and what are earnings opportunities?

²¹ See J Luebbert direct testimony section "Benefits to all customers in a class regardless of whether the programs are utilized by all customers."

²² See J Luebbert direct testimony section "MEEIA and the FAC".

1 A. At the simplest level, avoided costs are the revenue requirement of a supply-side
2 resource that will not be built, and avoided earnings opportunities are the portion of avoided
3 revenue requirement that shareholders would have received as their return on their investment.

4 Q. Can you provide a non-utility example to illustrate these concepts?

5 A. Yes. Consider a hypothetical farmer who grows carrots. The farmer may expect
6 to pay \$50 in carrot seed, \$50 in tractor fuel to prepare the plot, plant the seed, and harvest the
7 carrots, and \$100 for a farmhand to perform the labor. In our simple example, the farmer
8 expects to spend \$200 in April, and to receive \$500 for the carrot harvest in July.

9 Now, for our simple example, consider a hypothetical carrot-market-stabilization
10 program. The farmer is offered some amount of money to be paid in March to allow the field
11 to remain fallow. If the farmer does not plant the carrots, the farmer's avoided costs will be
12 \$50 in carrot seed, \$50 in tractor fuel to prepare the plot, plant the seed, and harvest the carrots,
13 and \$100 for a farmhand to perform the labor. If the farmer does not plant the carrots, the
14 farmer will avoid an opportunity to earn the \$300 difference between the cost to plant the carrots
15 and the value of the carrot harvest.

16 Q. Will the farmer require \$300 (or some lesser amount) as payment in March to
17 agree to forgo the carrot crop?

18 A. In this simple hypothetical, a reasonable farmer would consider that the risk
19 of profiting \$300 in July is equivalent to the certainty of a check for some amount less than
20 \$300 in March. The factors a reasonable farmer would consider include:

- 21 1. the risks that the July harvest may not occur, or may not be as valuable as assumed,
- 22 2. the time-value of money received in March instead of in July.

1 Q. Is there an important distinction between the perspective of this hypothetical
2 carrot farmer and a utility supply-side resource that is avoided or deferred due to MEEIA?

3 A. Yes. This simple hypothetical is provided from the perspective of the farmer,
4 and so avoided costs and earnings opportunity are separate. However, from the perspective of
5 a commission reviewing a MEEIA application, the return on investment for a facility avoided
6 IS an avoidable cost. BUT, to the extent that ratepayers reimburse the utility for that avoided
7 return on investment through a MEEIA “earnings opportunity” mechanism, the value of the
8 avoided costs is effectively canceled out from the ratepayers’ perspective, as it appears on both
9 sides of the scale.

10 **Avoided Costs**

11 Q. If a supply side investment is made and a power plant is built, what happens to
12 that utility’s revenue requirement?

13 A. All else being equal, the revenue requirement would generally increase.

14 Q. How would the revenue requirement generally increase?

15 A. When a power plant is built and included in base rates, ratepayers are responsible
16 for (1) the return of the investment through depreciation expense, (2) the cost of debt to support
17 the investment, (3) the fixed operations and maintenance expenses of the plant, including
18 property taxes, (4) the variable operations and maintenance expenses of the plant, (5) the fuel
19 to operate the plant, as offset by the revenue for energy sold from the plant through the
20 integrated marketplace, (6) the value of the plant as capacity in the integrated marketplace, and
21 (7) the payment of an opportunity for a return on equity to shareholders, and an allowance for
22 the shareholders’ income tax.

1 Q. If a supply-side investment is avoided due to MEEIA, what benefits do
2 ratepayers experience?

3 A. Ratepayers would experience the benefit of avoiding payment over time of
4 (1) depreciation expense, (2) of the cost of debt to support the investment, (3) the fixed
5 operations and maintenance expenses of the plant, including property taxes, (4) the variable
6 operations and maintenance expenses of the plant, (5) and the fuel to operate the plant.
7 However, these costs avoided by ratepayers would also be offset by a reduction in revenue for
8 energy sold from the plant through the integrated marketplace, and the value of the plant as
9 capacity in the integrated marketplace.

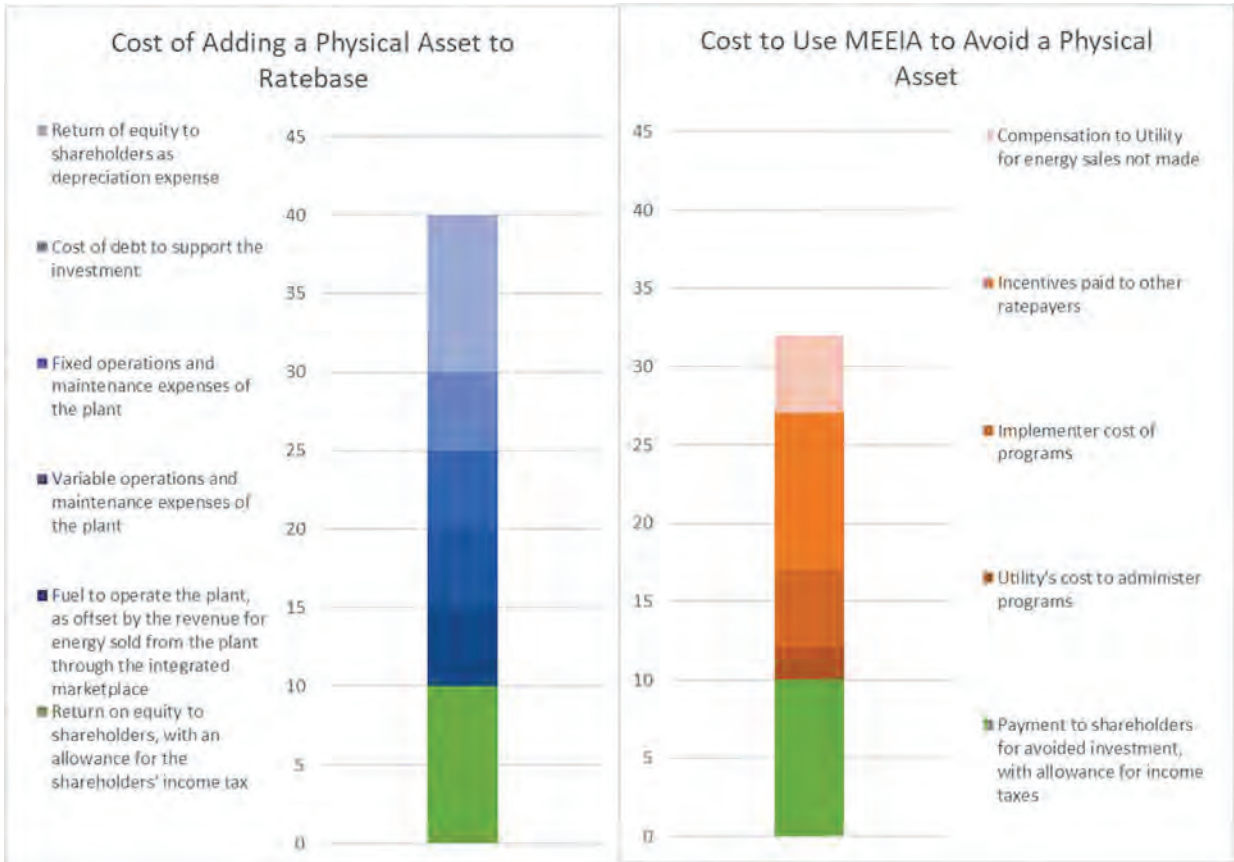
10 However, to the extent that the MEEIA mechanism includes an “Earnings Opportunity,”
11 ratepayers would not truly avoid the future payment of an opportunity for a return on equity to
12 shareholders and an allowance for the shareholders’ income tax. Instead, ratepayers would
13 prepay a certain amount to compensate shareholders for this avoided earnings opportunity.

14 Q. Conceptually, MEEIA requires the Commission to decide whether it’s better to
15 (A) order all customers to pay to reduce the energy usage and demand of some customers
16 and to prepay investors the return on investment not made, or (B) not order the utility to
17 facilitate ratepayer-funded demand-side programs. Can you illustrate the Commission’s
18 required analysis?

19 A. Yes. To determine whether the programs are “**beneficial to all customers in**
20 **the customer class in which the programs are proposed, regardless of whether the**
21 **programs are utilized by all customers**”²³ the Commission must determine that for a given
22 customer class the avoided costs caused by a MEEIA program are greater than the costs of the
23 MEEIA programs, including the “earnings opportunity.”

²³ 393.1075.4.

1



2

3 J Luebbert's direct testimony sections "Avoided Costs" and "Earnings Opportunity"
4 provide a detailed discussion of these calculations. Mr. Luebbert's Schedule JL-d2 provides a
5 walk-through of the revenue requirement implications of a supply-side deferral of a
6 fossil-fueled generation plant, and illustrates the variation in the revenue requirement
7 implications of a supply-side deferral when a low- or no-cost renewable plant is deferred.

8

Earnings Opportunities

9 Q. In designing an earnings opportunity mechanism, how should the payment to
10 shareholders for avoided investment relate to the return on equity of a plant that would
11 physically exist in the future?

1 A. Under a well-designed earnings opportunity, the payment to shareholders for
2 avoided investment (plus an allowance for income taxes) should be roughly identical on a
3 risk-adjusted present value of the return on equity of a plant that would physically exist in the
4 future (with an allowance for income taxes).

5 Q. What information is necessary to size a well-designed earnings opportunity?

6 A. To size an earnings opportunity, the Commission needs reliable evidence of
7 what investment opportunity, and when it was to be built, is expected to be avoided by a given
8 MEEIA cycle.

9 Q. Is there explicit statutory guidance on the certainty required for an earnings
10 opportunity mechanism?

11 A. Yes. Any earnings opportunity must be associated with “**cost-effective**
12 **measurable and verifiable efficiency savings.**”²⁴

13 Q. What factors complicate the calculation of avoided costs and development of an
14 earnings opportunity mechanism?

15 A. In addition to the same complications discussed above in the section “Benefits
16 to all customers,” the calculation of avoided costs and development of an earnings opportunity
17 mechanism are complicated by the following factors, which are discussed in greater detail by
18 Mr. Luebbert:

- 19 1. Renewable resources have very low avoidable costs.²⁵
- 20 2. Reductions in capacity can create the potential for new capacity revenues through
21 sales to third-parties. These revenues, if realized, are generally socialized through
22 all customers through the FAC, which complicates the Commission’s statutory

²⁴ 393.1075.3.

²⁵ See Mr. Luebbert’s Schedule JL-d2.

1 directive to fairly apportion the costs and benefits of MEEIA among classes. These
2 revenues are functionally similar to avoided costs in terms of MEEIA program
3 design, but do not provide any avoided earnings opportunity.²⁶

4 3. Evergy's decisions to accelerate the transformation of its generation portfolio have
5 impacted current and future avoidable costs and avoidable earnings opportunities.²⁷

6 4. While real investment in steel (or silicone) in the ground is subject to the PISA cap,
7 theoretical earnings opportunities are not.²⁸

8 5. As discussed by Staff expert Brad J. Fortson, effective EM&V²⁹ has been difficult
9 or impossible to realize.³⁰

10 **Opportunities for Utility Investment in Program Costs**

11 Q. What are the components of a MEEIA portfolio?

12 A. Section 393.1075.3. governs the "three-legged stool" of MEEIA.

13 It shall be the policy of the state to value demand-side investments equal
14 to traditional investments in supply and delivery infrastructure and allow
15 recovery of all reasonable and prudent costs of delivering cost-effective
16 demand-side programs. In support of this policy, the commission shall:

17 (1) Provide timely cost recovery for utilities;

18 (2) Ensure that utility financial incentives are aligned with helping
19 customers use energy more efficiently and in a manner that sustains or
20 enhances utility customers' incentives to use energy more efficiently; and

21 (3) Provide timely earnings opportunities associated with cost-effective
22 measurable and verifiable efficiency savings.

²⁶ See Mr. Luebbert's sections "Generation Facility Avoidable Costs," and "Reductions in capacity can create the potential for new capacity revenues through sales to third-parties, but those revenues are generally socialized through all customers through the FAC."

²⁷ See Mr. Luebbert's testimony section "Impact of Evergy's decision to accelerate the transformation of its generation portfolio on Avoidable Costs and Avoidable Earnings Opportunities."

²⁸ See Mr. Luebbert's testimony section "Impact of Evergy's decision to accelerate the transformation of its generation portfolio on Avoidable Costs and Avoidable Earnings Opportunities."

²⁹ Evaluation, Measurement & Verification (EM&V).

³⁰ EM&V is further discussed by Staff experts Dr. Poudel and J Luebbert.

1 These provisions are generally understood to refer to (1) program cost recovery,
2 (2) avoided revenue recovery (historically, the net throughput disincentive), and (3) the
3 earnings opportunity.

4 Q. Has this language changed since the statute was first promulgated in 2009?

5 A. No.

6 Q. What are the program costs, and how are program costs funded?

7 A. Program costs include literal incentives and products provided to customers to
8 reduce energy consumption overall or at target times, as well as the costs of internal
9 administration, third parties, evaluations of program implementation, and any other costs of
10 facilitating a MEEIA program.

11 Q. To date, how much have Evergy's shareholders invested pursuant to
12 MEEIA Cycle 1, MEEIA Cycle 2, and MEEIA Cycle 3 for Evergy Missouri Metro and Evergy
13 Missouri West?

14 A. Evergy shareholders have not invested a single dollar in any MEEIA cycle since
15 MEEIA Cycle 1 was initially authorized in 2012. To date, both Evergy utilities' MEEIA cycles
16 have included real-time recovery of a forecast program cost level, which is subject to true-up,
17 with carrying costs.³¹

18 Q. Under the statute, could program cost recovery be handled different?

19 A. Yes. Program costs could be capitalized, but, to date, they have not been treated
20 that way under Evergy MEEIA cycles. Section 393.1075.5 authorizes capitalization of program
21 costs, and accelerated depreciation of the investment in program costs.

22 Q. What details must be addressed for reasonable program design?

³¹ Staff expert Justin Tevie discusses the costs to ratepayers of these prior MEEIA cycles.

1 A. Mr. Luebbert generally addresses program development and design for a
2 potential fourth MEEIA cycle, including the following main points:

- 3 1. Avoided costs (and earnings opportunities) must be estimated at the program or
4 measure level to be reasonable.³²
- 5 2. Targeted program design is an iterative process.³³
- 6 3. Ratepayer benefit (or detriment) must be analyzed at the class level.³⁴
- 7 4. The authorizing tariff must be sufficiently detailed to be reasonably operable.³⁵
- 8 5. When developing and designing programs, consideration should be given to the
9 feasibility of effectively evaluating, measuring, and verifying the energy or
10 demand savings associated with the program. EM&V is further discussed by
11 Staff experts Brad J. Fortson, Dr. Hari K. Poudel, and Justin Tevie. Mr. Tevie's
12 testimony also discusses existing measure savings values.

13 **Reallocation of Revenue Requirement and Optimization of Program Design**

14 Q. What is the reallocation of revenue requirement?

15 A. A utility makes money by selling energy. When a utility uses ratepayer dollars
16 to facilitate programs to reduce energy consumption, that utility is reducing the energy it sells,
17 and ultimately, the money it makes, all else being equal. In other words, a utility has a financial
18 disincentive to facilitating programs to reduce energy consumption, in general.

19 Collectively, ratepayers also have a financial disincentive to reduce the energy sold by
20 their utility, to the extent that those sales were made above the marginal cost of the energy sold.

21 Decreased sales can reduce affordability, as avoided revenues do not displace the
22 utility's need for retail electric service revenues required of the basic rate classes. Sales of

³² See Mr. Luebbert's testimony sections "Designing a MEEIA Compliant Portfolio," and "Finalizing the Portfolio." section.

³³ See Mr. Luebbert's testimony section "Selection and Review of Programs and Measures."

³⁴ See Mr. Luebbert's testimony section "Finalizing the Portfolio."

³⁵ See Mr. Luebbert's testimony section "Tariff Development."

1 energy effectively lost to energy efficiency programs can avoid revenues that cover some of
2 the revenue requirement and contribute to overall affordability of basic electric service.
3 Evergy Metro and Evergy West have proposed and received authorization of economic
4 development and electrification activities which are designed to encourage new loads that
5 provide revenues above the marginal cost of serving them, and therefore contribute to covering
6 fixed costs and ultimately reduce rates for all customers from levels that would otherwise be
7 required to cover those fixed costs.

8 A poorly-designed MEEIA program can do the opposite of that. A poorly-designed
9 MEEIA program may cause other customers to pay more to cover the revenue requirement
10 that remains when a sale of energy is avoided. As discussed in the testimony of Staff expert
11 J Luebbert, the operation of the fuel adjustment clause and the participation of each Evergy
12 utility in a energy market and existence of various capacity transactions can further distort the
13 typically-expected relationships for classes of customers and individual customers, even if a
14 program appears reasonable at a total company level.

15 Q. Does all energy efficiency result in the reallocation of revenue requirement?

16 A. No. Some energy is sold by a utility at a loss, in that the wholesale cost of energy
17 is greater than the retail energy revenue for that energy.³⁶ This is particularly applicable to
18 Evergy West, which purchases capacity to cover its capacity requirements. In this instance,
19 both wholesale energy costs and capacity costs may be avoidable in real time through the
20 avoidance of a sale of energy at retail for which the retail revenue is less than the
21 all-in wholesale cost.

³⁶ Changes in class or rate schedule energy and demand determinants and changes in class or rate-schedule level revenues will result in different allocation factor calculations in future rate cases.

1 Q. Does every avoided energy sale create avoided energy costs for purposes of
2 designing a MEEIA cycle?

3 A. No. When a retail customer uses one less kWh, the company buys one less kWh
4 at wholesale, and receives revenue for one less kWh at retail. What matters is whether the retail
5 kWh avoided was one with high or low margin – meaning was the kWh purchase avoided at
6 wholesale above or below average cost.

7 Q. Can you walk through an example?

8 A. Yes. Consider a vending machine. Leasing the vending machine costs \$50 per
9 month. Purchasing soda at Sam's to stock the vending machine costs \$0.50 per can. If I sell
10 200 cans of soda per month at \$0.75 per can, I will break even.

11

			Quantity	
Lease	\$ 50.00	per month	1	\$ 50.00
Wholesale Cost	\$ 0.50	per can	200	\$ 100.00
				\$ 150.00
\$150.00 divided by 200 cans, required price per can:				\$ 0.75

12
13 Now, consider if my sales drop by 50 cans per month. If I only need to purchase
14 150 cans from Sam's, my wholesale cost of soda drops from \$100 to \$75 – I have avoided
15 \$25 in costs!

16

			Quantity	
Lease	\$ 50.00	per month	1	\$ 50.00
Wholesale Cost	\$ 0.50	per can	150	\$ 75.00
				\$ 125.00
\$125.00 divided by 150 cans, required price per can:				\$ 0.83

17
18 But my lease cost of \$50 hasn't changed, and I am now going to have to raise prices to
19 \$0.83 to continue to break even.

1 Obviously, electric pricing is more complicated than a soda vending machine. The cost
2 of every kWh consumed at retail by an Evergy Missouri West or Evergy Missouri Metro
3 customer is obtained through an incomprehensibly complex integrated energy market, and the
4 time at which that energy is purchased and the point on the transmission system at which it is
5 obtained, and market and weather conditions for approximately a third of the continental United
6 States are factored into its pricing. And retail pricing is complex. Residential customers have
7 options for various rate plan under which they pay different rates for energy depending on what
8 time of day the energy is used, what day of the week the energy is used, how much energy
9 they've already used in that billing month, and where that billing month falls in the year.
10 Outside of the residential class, customers are billed on multi-part rates which cannot be
11 succinctly described in this testimony. So we'll consider an example with two soda brands.

			Quantity	
Lease	\$ 50.00	per month	1	\$ 50.00
Wholesale Cost Brand A	\$ 0.80	per can	50	\$ 40.00
Wholesale Cost Brand B	\$ 0.40	per can	150	\$ 60.00
				\$ 150.00
\$150.00 divided by 200 cans, required price per can:				\$ 0.75

13
14 Notice we are losing 5 cents on every can we sell of Brand A. And our sales of Brand B
15 have to cover not only our lease cost, but also the cost of our losses on Brand A.

			Quantity	
Lease	\$ 50.00	per month	1	\$ 50.00
Wholesale Cost Brand A	\$ 0.80	per can	30	\$ 24.00
Wholesale Cost Brand B	\$ 0.40	per can	150	\$ 60.00
				\$ 134.00
\$134.00 divided by 180 cans, required price per can:				\$ 0.74

1 If I sell 20 fewer cans of Brand A, my wholesale costs have dropped by \$16. Those
2 20 cans of soda I didn't sell would have cost me 80 cents to buy, but they also would have sold
3 for 75 cents each, which would have increased my revenue by \$15. The difference between
4 these two values, \$1.00, is what I will reflect when I drop my prices on the 180 cans of soda
5 that are sold. Because I avoided \$16 in wholesale costs, and \$15 in revenues, I can drop my
6 overall cost by \$1.00, resulting in a new price of \$0.74 per can.

7 However, if instead of selling fewer sodas of Brand A, I sell fewer sodas of Brand B,
8 the opposite occurs.

9

			Quantity	
Lease	\$ 50.00	per month	1	\$ 50.00
Wholesale Cost Brand A	\$ 0.80	per can	50	\$ 40.00
Wholesale Cost Brand B	\$ 0.40	per can	130	\$ 52.00
				\$ 142.00
\$138.00 divided by 180 cans, required price per can:				\$ 0.79

10

11 Notice my wholesale cost has again dropped. I have, without a doubt, avoided wholesale
12 soda costs of \$8 compared to where we started. However, I have also avoided \$15 in revenue.
13 The difference between those two values is \$7, which is what I must reflect when I RAISE my
14 prices by \$0.04 per can to \$0.79. Even though I avoided costs, my prices had to go up.
15 The relationship between the wholesale and the retail cost – the margin – is what matters to the
16 other soda purchasers. When analyzing avoided energy costs in MEEIA, avoiding the sale of
17 high cost energy – especially if it is sold with little room for margin - is good for customers.
18 Avoiding the sale of low cost energy, when analyzing avoided energy costs in MEEIA, is not
19 good for customers.

1 **Aligning utility financial incentives with helping customers use energy**
2 **more efficiently**

3 Q. Why does the MEEIA statute authorize alignment of utility financial incentives
4 with helping customers use energy more efficiently?

5 A. Utility rates are designed to recover more than the variable cost to the utility to
6 acquire the energy required by its customers at wholesale. To the extent that a utility sells more
7 energy at retail, the utility recovers more net revenue. To the extent that a utility sells less
8 energy at retail, the utility recovers less net revenue. Absent some mechanism, utilities are
9 financially disincented from facilitating customer-funded demand-side programs that would
10 reduce the utility's quantity of energy sold at retail, known as its "throughput." In prior
11 MEEIA cycles, the Commission has authorized mechanisms to account for the impact on
12 utility revenues of decreases in usage due to variations caused by supply-side programs.
13 This mechanism has been referred to as the "net throughput disincentive," or the "throughput
14 disincentive net-shared-benefit," and will be referred to in this testimony as "avoided revenues."

15 Q. Is this a long-term problem or a short-term problem?

16 A. In each rate case, rates are calculated with the most recent billing determinants
17 available. Thus, the utility disincentive to facilitate demand-side programs due to avoided
18 revenues is a short-term problem. However, this issue translates into a longer-term question of
19 the effect on ratepayers of the reallocation of revenue requirement, discussed above.

20 Q. What other complications have arisen with the design of mechanisms to
21 align utility financial incentives – between rate cases – with helping customers use energy
22 more efficiently?

1 through a rate adjustment mechanism authorized by this section or any
2 other provisions of law. This subsection shall apply to electrical
3 corporations beginning January 1, 2019, and shall expire for electrical
4 corporations on January 1, 2029. **An electrical corporation may**
5 **make a one-time application to the commission under this**
6 **subsection if such corporation has provided notice to the**
7 **commission under subsection 5 of section 393.1400, provided the**
8 **corporation shall not concurrently utilize electric rate adjustments**
9 **under this subsection and the deferrals set forth in subsection 5 of**
10 **section 393.1400.** [Emphasis added.]

11 Section 393.1400 RSMo authorizes Plant in Service Accounting (PISA) deferrals,
12 which each Evergy Missouri utility has elected.

13 Q. Because the Evergy Missouri utilities have elected PISA deferrals, may the
14 Commission authorize a MEEIA mechanism to account between rate cases for the impact on
15 utility revenues of increases or decreases in residential and commercial customer usage due to
16 variations caused by supply-side programs?

17 A. No.

18 Q. If the Commission decides that a MEEIA mechanism that accounts for the
19 “impact on utility revenues of increases or decreases in residential and commercial customer
20 usage due to variations in either weather, conservation, or both” does not conflict with a utility’s
21 election of PISA, does Staff proffer a mechanism to account for avoided revenues?

22 A. As explained in the following section, Staff has developed a mechanism which
23 is easier to implement and administer, and does not rely on estimates of net margin rates or
24 deemed avoided energy sales. It is also more compatible with time-based rate structures.

25 Q. Is this proposal consistent with the statutes?

1 A. If the Commission determines that it would be lawful for it to authorize (under
2 393.1075.3.(2)) a mechanism like the existing NTD for a utility that has elected PISA, then it
3 would also be lawful for the Commission to authorize under 393.1075.3.(2) some other
4 mechanism that accounts “for the impact on utility revenues of increases or decreases in
5 residential and commercial customer usage due to variations in” conservation³⁷ so long as it
6 also “ensure[s] that utility financial incentives are aligned with helping customers use energy
7 more efficiently and in a manner that sustains or enhances utility customers' incentives to use
8 energy more efficiently”³⁸

9 **AVOIDED REVENUE MECHANISMS IF A FOURTH MEEIA CYCLE IS AUTHORIZED**

10 Q. Are you familiar with the avoided revenues calculation in the existing Evergy
11 MEEIA mechanisms?

12 A. I am. I developed the mechanism working on KCPL MEEIA Cycle 2³⁹ and
13 Ameren Missouri MEEIA Cycle 2.⁴⁰

14 Q. Is the calculation you propose in this case easier or more difficult to implement?

15 A. This calculation is significantly easier to implement. The mechanism currently
16 in use requires many margin rate calculations,⁴¹ many TRM load shape calculations,⁴²
17 assumptions about the level of avoided energy sales that actually occurs, and reliance on

³⁷ 386.266.3.

³⁸ 393.1075.3.(2).

³⁹ Case No. EO-2015-0240.

⁴⁰ Case No. EO-2015-0055.

⁴¹ See testimony of Dr. Poudel.

⁴² See testimony of Justin Tevie.

1 EM&V.⁴³ If I knew then what I know now, I would not have supported the existing
2 mechanism in 2014 and 2015.

3 Q. Have circumstances changed since 2014 that support modernizing the avoided
4 revenue mechanism?

5 A. Yes. Evergy has fully deployed its AMI⁴⁴ meter infrastructure. Delayed meter
6 read reporting and rebills for faulty reads should essentially be a thing of the past, enabling
7 reliance on reported monthly billing without significant concern for substantial future revisions.

8 More significantly, essentially all of both Evergy utilities' residential customers take
9 service on a time-based rate schedule, and have the ability to switch among time-based rate
10 schedules. The mechanism Staff proposes in this case eliminates the need to create dozens or
11 hundreds of time-and measure-specific margin rates to continue to limp the 2014 mechanism
12 along, and recognizes the difficulty that Evergy has experienced on tracking the quantity of
13 customers on each rate plan, much less tracking the current rate plan of customers who have
14 participated in a MEEIA program.

15 Q. What does the Cycle 2 and Cycle 3 NTD mechanism capture as a net
16 margin rate?

17 A. In reality, the net marginal rate is the difference between the wholesale cost of
18 the energy for a given kWh sold at retail and the marginal retail rate for that kWh of energy.
19 However, the existing NTD mechanism has relied on a calculation of marginal rates that isolates
20 the revenue impact of deemed avoided marginal sales to the net difference between the marginal
21 retail rate for a kWh of energy and the FAC base. The circumstances of prior MEEIA filings

⁴³ See testimony of Justin Tevie and Dr. Poudel.

⁴⁴ Advanced Metering Infrastructure (AMI).

1 have been such that Staff has agreed with use of the FAC base for calculation of the net margin
2 rates in prior MEEIA cycles.

3 Q. Is this prior practice problematic?

4 A. Yes. The utility has a recognized obligation to its shareholders to maximize
5 shareholder benefit. The current NTD calculation assumes that all customers in a class take
6 service under the same (or essentially the same) rate plan, and that the time of energy
7 consumption is irrelevant to the revenue recovery experienced by the utility. In the interaction
8 of the current NTD with the FAC, each Evergy utility receives the same compensation for
9 avoiding a kWh of energy sold at retail for \$0.05 and acquired for a wholesale cost of \$1.25 as
10 it does for avoiding a kWh of energy sold at retail for \$0.15 and acquired for a wholesale cost
11 of \$0.05. This NTD operation is simply not reasonable to the extent that these mismatches may
12 occur if either Evergy utility were to implement its MEEIA programs in a manner to avoid the
13 greatest amount of wholesale energy cost while avoiding the least amount of retail revenues (or
14 at least not avoiding more revenues than energy costs); and this NTD operation is wholly
15 unreasonable where the utility has the ability to implement its MEEIA programs to maximize
16 its retail and NTD revenues and is essentially ambivalent to the level of wholesale energy costs.

17 Between rate cases the FAC functions to ensure that the same amount of revenue is
18 available to the revenue requirement in each kWh sold, whether the kWh sold was at a high,
19 low, or average wholesale energy cost. However, the FAC then collects (or refunds) 95% of
20 the difference between the experienced net energy function costs and revenues. Concurrently,
21 the existing NTD Mechanism would charge ratepayers for the difference between the FAC base
22 and the average revenue per kWh for the applicable month for each kWh sale assumed to have
23 been avoided. The result is that whether a high cost kWh or a low cost kWh is avoided through

1 a MEEIA program, Evergy requests compensation from ratepayers for the same avoided
2 revenue requirement contribution. 95% of the energy cost difference is eventually billed to or
3 refunded to ratepayers through the FAC, such that the FAC actually incents utilities to target
4 low-wholesale cost energy reductions.

5 Q. Does the foregoing testimony imply negative motivation on the part of utility
6 management?

7 A. Not at all. It is utility management's fiduciary obligation to shareholders to
8 maximize shareholder value. This incentive to maximize shareholder value is the genesis of
9 MEEIA. The existing NTD, knowing what Staff knows now, is simply another tool for
10 utility management to maximize shareholder value, as opposed to a tool to align ratepayer and
11 utility incentives.

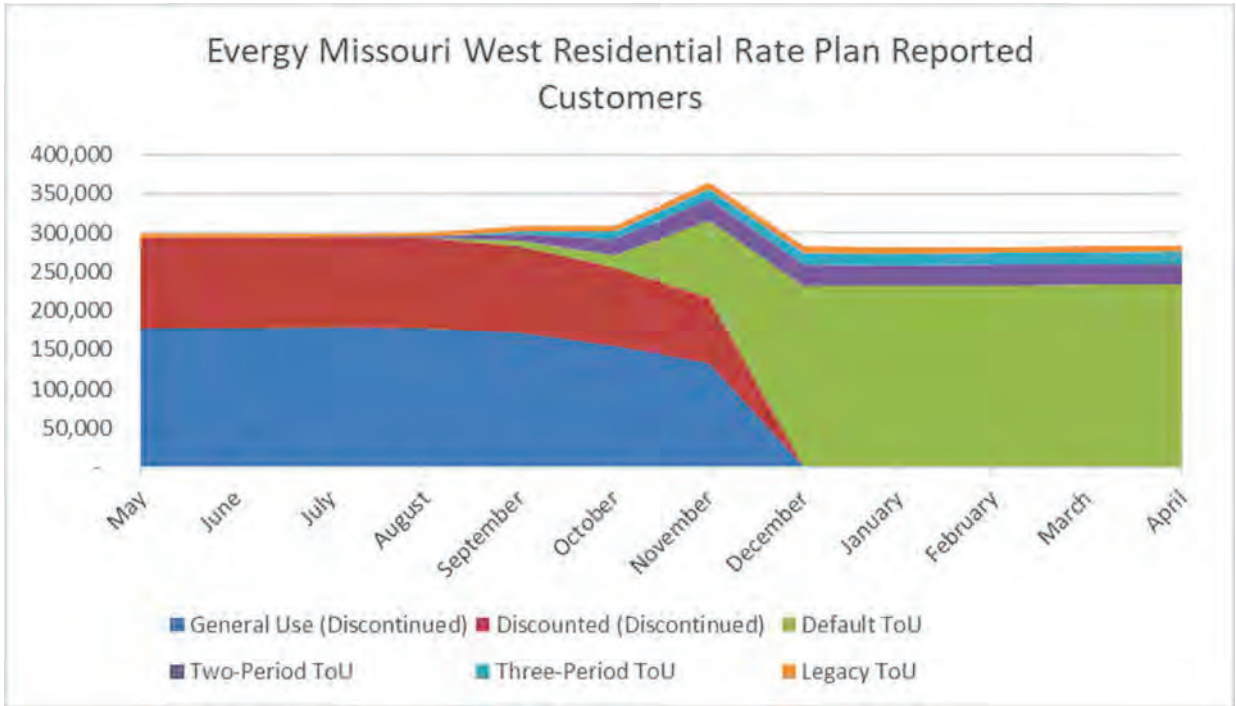
12 Q. Is there an additional reason to move away from the NTD used in Cycles 2
13 and 3?

14 A. Yes. The current NTD fails to account for the variations in wholesale energy
15 costs, and market capacity costs, that occur in real time. The current NTD preserves the utility
16 incentives to maximize throughput, and creates a new incentives to minimize actual reductions
17 to throughput while maximizing deemed reductions to throughput, and to be indifferent as to
18 the realization of the avoided wholesale energy and capacity costs that were used to justify a
19 MEEIA cycle. In addition, the current NTD will become unworkably complex if modified to
20 address time-based rates, as is necessary to limp it along.

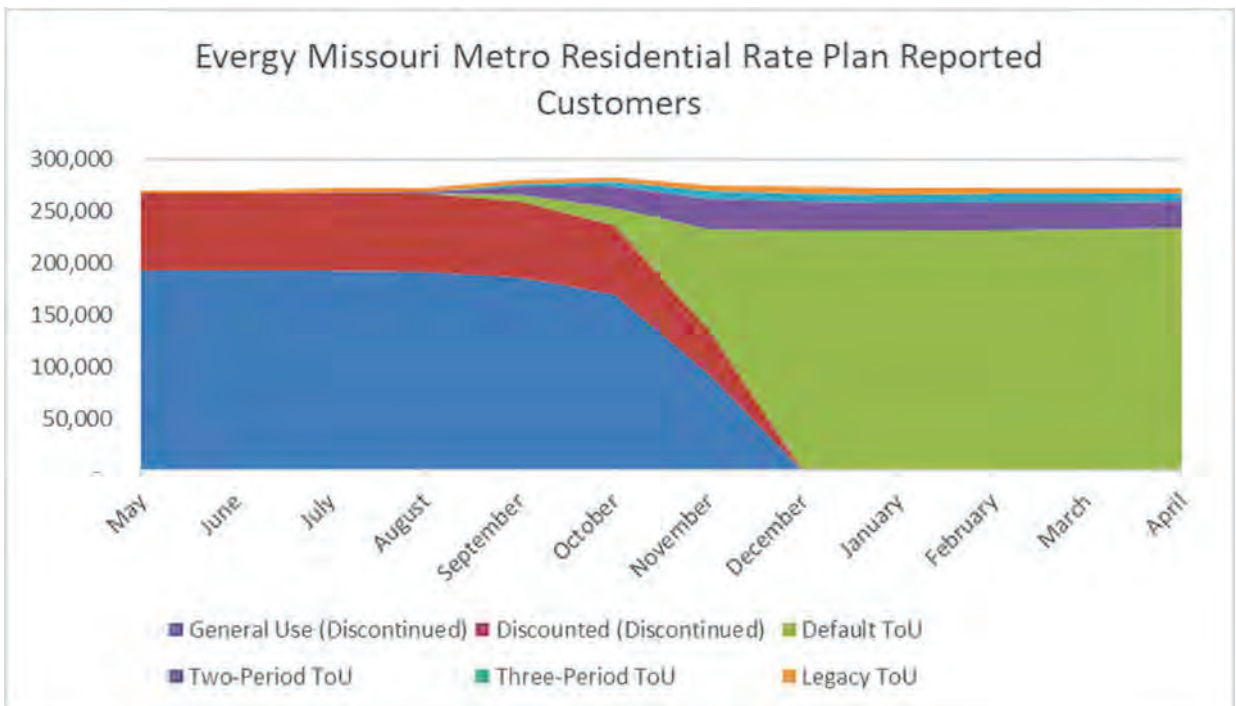
21 Q. What is Evergy's current deployment of time-based rates?

22 A. Based on Evergy's response to Data Request (DR) No. 0002.1 in ET-2024-0061,
23 there is significant variety in current rate plan utilization of time-based rate plans.

1



2
3



4

5

Q. Can you summarize the variety in applicable rates under the various rate plans for each utility?

6

7

A. Yes.

1

	Evergy Missouri West	Evergy Missouri Metro
Default ToU		
Customer Charge	\$ 12.00	\$ 12.00
First 1000 kWh/month (summer)	\$ 0.11829	\$ 0.14094
kWh over 1000/month (summer)	\$ 0.12829	\$ 0.15094
First 600 kWh (non summer)	\$ 0.09784	\$ 0.12233
Next 400/month (non summer)	\$ 0.07718	\$ 0.07532
kWh over 1,000 / month (non summer)	\$ 0.07718	\$ 0.06681
Additional Charge for each kWh used from 4 pm - 8 pm (Summer)	\$ 0.01	\$ 0.01
Additional Charge for each kWh used from 4 pm - 8 pm (non-Summer)	\$ 0.0025	\$ 0.0025
Discount applied to each kWh consumed 12 am - 6 am (year-round)	\$ 0.01	\$ 0.01
On-Peak: 4pm-8pm, Monday through Friday, excluding holidays; Super Off-Peak: 12am-6am every day; Off-Peak: All other hours		
Two Period ToU		
Customer Charge	\$ 12.00	\$ 12.00
Peak (Summer)	\$ 0.32412	\$ 0.38328
Off-Peak (Summer)	\$ 0.08103	\$ 0.09582
Off-Peak (Non-Summer)	\$ 0.09466	\$ 0.11311
Super Off-Peak (Non-Summer)	\$ 0.04733	\$ 0.05656
Summer: On-Peak: 4pm-8pm, Monday through Friday, excluding holidays; Off-Peak: All other hours		
Winter: Super off-peak: Midnight-6am, every day; Off-peak: All other hours		
Three Period ToU		
Customer Charge	\$ 12.00	\$ 12.00
Peak (Summer)	\$ 0.26541	\$ 0.35879
Off-Peak (Summer)	\$ 0.10616	\$ 0.11960
Super Off-Peak (Summer)	\$ 0.02654	\$ 0.02990
Peak (Non-Summer)	\$ 0.20299	\$ 0.27305
Off-Peak (Non-Summer)	\$ 0.08119	\$ 0.09102
Super Off-Peak (Non-Summer)	\$ 0.02300	\$ 0.02275
On-Peak: 4pm-8pm, Monday through Friday, excluding holidays; Super Off-Peak: 12am-6am every day; Off-Peak: All other hours		
Legacy ToU		
Customer Charge	\$ 12.00	\$ 12.00
Peak (Summer)	\$ 0.28129	\$ 0.33803
Off-Peak (Summer)	\$ 0.09376	\$ 0.11268
Super Off-Peak (Summer)	\$ 0.04688	\$ 0.05633
Peak (Non-Summer)	\$ 0.22892	\$ 0.27642
Off-Peak (Non-Summer)	\$ 0.09237	\$ 0.10840
Super Off-Peak (Non-Summer)	\$ 0.03881	\$ 0.04675
On-Peak: 4pm-8pm, Monday through Friday, excluding holidays; Super Off-Peak: 12am-6am every day; Off-Peak: All other hours		

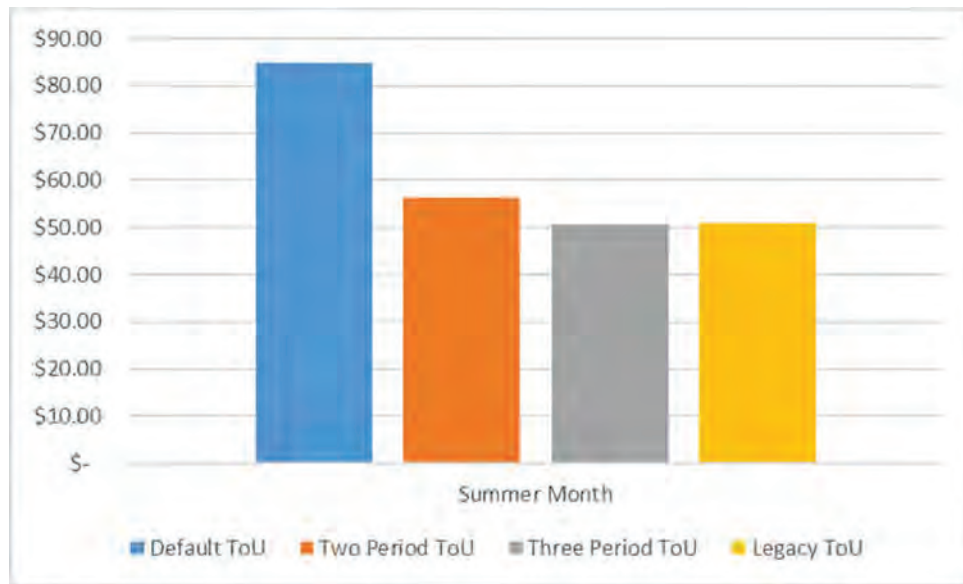
2

1 Q. Using Evergy West rates as an example, and ignoring the relationship between
2 wholesale and retail rates, if a measure avoided exactly 1 kWh in each hour for a summer month,
3 what would the avoided revenue net of FAC base factor be under each rate plan?

4 A. The rates under each rate plan, net of the FAC base factor adjusted to secondary
5 voltage are attached as Schedule SLKL-d2.

6 The avoided revenue for 756 kWh (one kWh in each hour) minus the FAC Base Factor
7 at Secondary for 756 kWh is provided below at summer rates:

8

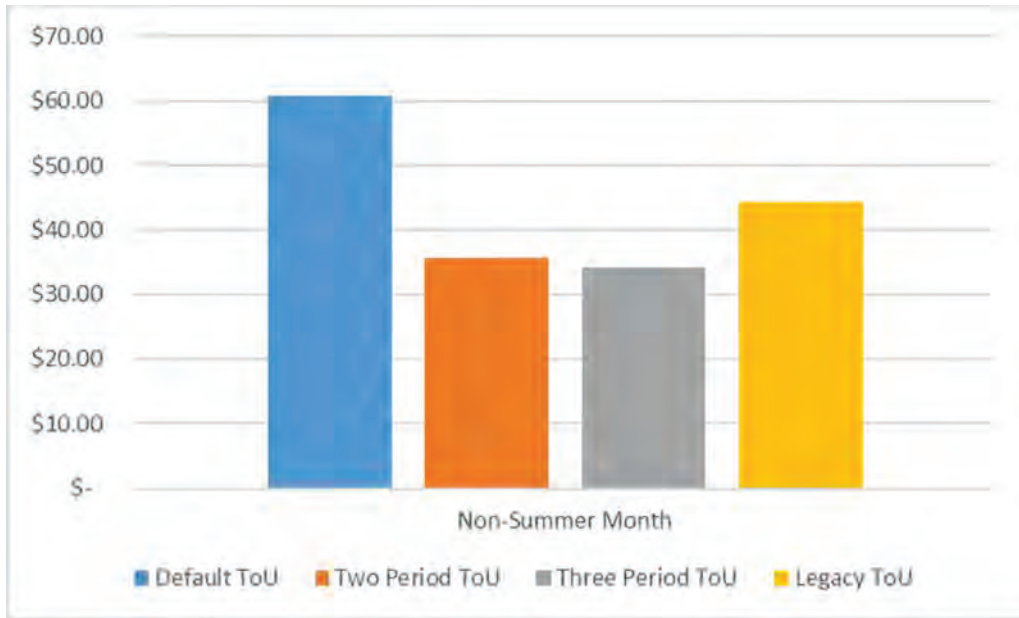


9

10 Q. Can you provide the same information for a non-summer month?

11 A. Yes.

1



2

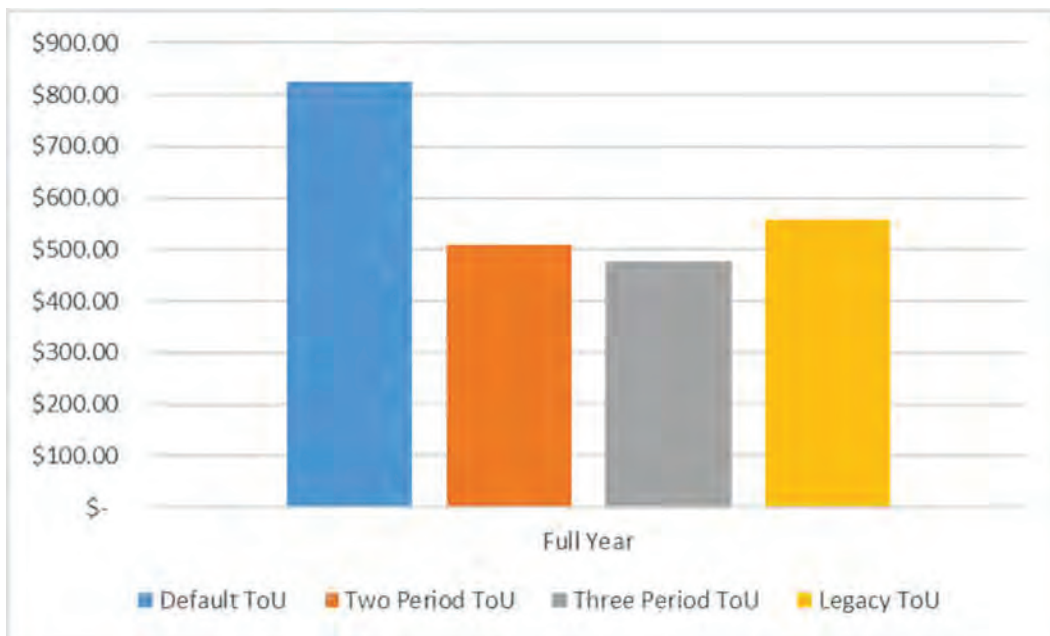
3

Q. Can you provide this information for a whole year?

4

A. Yes.

5



6

7

Q. What is notable about this?

1 A. If a single kWh were avoided in each hour of a year for one year, the
2 avoided revenue for customers on the Two Period and Legacy Time of Use (“ToU”) rate plans
3 is about 1/3 less than the avoided revenue for customers on the Default ToU rate plan.⁴⁵ For the
4 customers on the Three Period ToU rate plan, the avoided revenue is over 40% less than on the
5 Default ToU rate plan.

6

	Default ToU	Two Period ToU	Three Period ToU	Legacy ToU
Summer Month	\$ 84.76	\$ 56.39	\$ 50.63	\$ 51.00
Non-Summer Month	\$ 60.70	\$ 35.61	\$ 34.08	\$ 44.28
Full Year	\$ 824.60	\$ 510.42	\$ 475.15	\$ 558.23
Relationship to Default	100%	62%	58%	68%

7

8 Q. Do all MEEIA programs avoid the same amount of kWh in each hour?

9 A. No. In fact, most do not. Use of the existing NTD mechanism would necessitate
10 calculation of each applicable avoided energy rate for each month for each measure shape.

11 Q. If that information were calculated, would the existing NTD mechanism work?

12 A. No. It would need to be known and accounted for which rate plan each customer
13 who has utilized a MEEIA measure is on in each month until a MEEIA NTD rebasing occurs.

14 Q. Based on your experience with Evergy’s ability to obtain customer information
15 from its billing system in a reportable manner, is it your understanding that this is possible?

16 A. No.

⁴⁵ For purposes of this analysis, a monthly consumption of 1,200 kWh is assumed in calculating the Default ToU rates. To the extent that customer usage is lower than 1,200 kWh in a summer month, or more than 1,200 kWh in a non-summer month, the avoided revenue rate would be lower, and vice versa.

1 **Residential and SGS avoided revenue mechanism**

2 Q. How does Staff recommend the Commission “ensure that utility financial
3 incentives are aligned with helping customers use energy more efficiently and in a manner that
4 sustains or enhances utility customers' incentives to use energy more efficiently,”⁴⁶ to the extent
5 that such a mechanism may be approved under this authority established in the MEEIA statute?

6 A. A utility makes money by selling energy. When a utility uses ratepayer dollars
7 to facilitate programs to reduce energy consumption, that utility is reducing the energy it sells,
8 and ultimately, the money it makes, all else being equal. In general, a utility has a financial
9 disincentive to facilitating programs to reduce energy consumption.⁴⁷ In order to align Evergy
10 Missouri West’s and Evergy Missouri Metro’s financial incentives with customers' incentives
11 to use energy more efficiently, Staff recommends removing Evergy’s financial disincentive to
12 facilitating programs to reduce energy consumption.

13 Q. Can you provide a summary of Staff’s proposed mechanism?

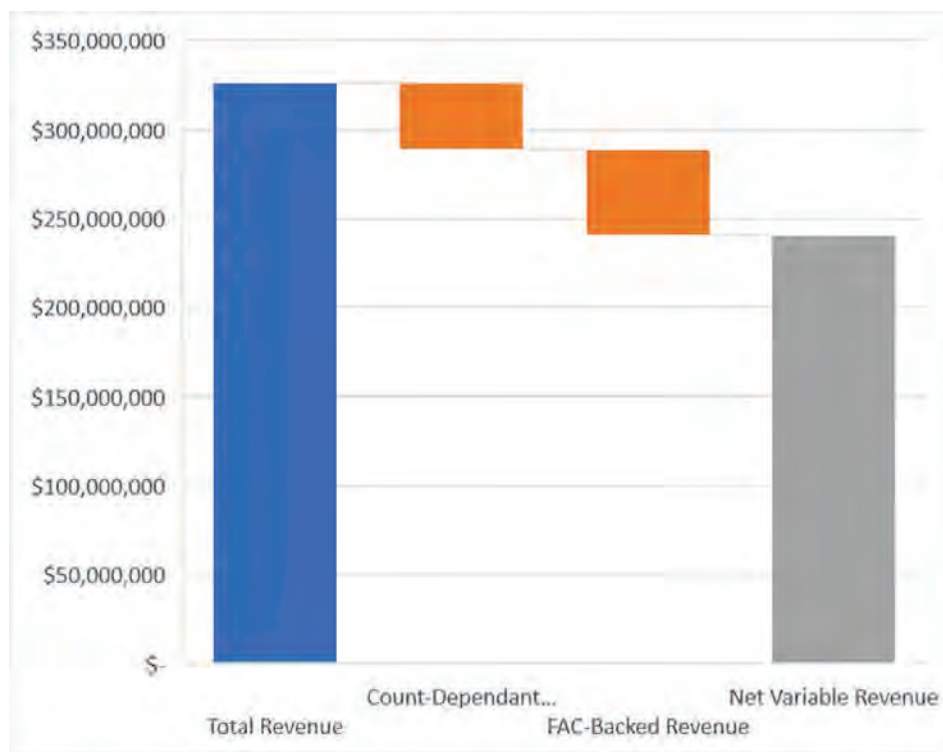
14 A. Yes. Using the Evergy Missouri Metro residential class as an example, based
15 on the revenues established and rates set in File No. ER-2022-0129, Evergy Missouri Metro’s
16 residential class provides \$240,320,329 in net variable revenue on an annual basis. Staff’s
17 proposed mechanism tracks actual net variable revenue for each applicable class at each utility
18 against the rate case level, and reconciles the difference through the MEEIA rate charged to
19 these customers.

20 Q. What do you mean by the phrase “net variable revenue?”

⁴⁶ 393.1075.3.(2).

⁴⁷ As discussed in the testimony of J Luebbert, the operation of the fuel adjustment clause and Evergy’s participation in energy markets and capacity transactions can distort the typically-expected relationships.

1 A. Evergy Missouri Metro’s most recent rate case was ER-2022-0129. In that rate
2 case Evergy Missouri Metro’s compliance rates for the Residential Class were designed based
3 on a revenue requirement for the Residential Class of \$326,626,855. However, Evergy’s
4 financial disincentive to facilitating programs to reduce energy consumption does not apply to
5 these entire revenue requirements. Rather, the revenue from each class associated with
6 customer charges is not at risk of erosion due to reduced energy consumption. Also, because
7 of Evergy Missouri Metro’s FAC, a portion of the revenue for each kWh sold is effectively
8 “backed” by the FAC’s seasonal base factor.



10
11 The calculation of Net Variable Revenues for Evergy Missouri Metro’s residential class
12 is set out below.⁴⁸

⁴⁸ Evergy Missouri West is currently undergoing a general rate case, ER-2024-0189. The NVR for Evergy Missouri West Residential and SGS classes (based on ER-2024-0189) and the Evergy Missouri Metro SGS class (based on ER-2022-0129) will be calculated in the same manner.

1

	Customer Counts	Count- Dependant Revenue		
Residential	3,144,804	\$ 37,737,648		
	Summer Energy Sales	Summer FAC Base Factor	Summer FAC BF @ Secondary Voltage	Summer FAC- Backed Revenue
Residential	1,013,765,576	\$ 0.01829	\$ 0.01898	\$ 19,242,651
	Non-Summer Energy Sales	Non-Summer FAC Base Factor	Non-Summer FAC BF @ Secondary Voltage	Non-Summer FAC-Backed Revenue
Residential	1,545,001,173	\$ 0.01829	\$ 0.01898	\$ 29,326,227
	Total Revenue	Count- Dependant Revenue	FAC-Backed Revenue	Net Variable Revenue
Residential	\$ 326,626,855	\$ 37,737,648	\$ 48,568,878	\$ 240,320,329

2

3

Q. How would the Staff mechanism work?

4

A. The EEIC tariff would set out the Rate Case Net Variable Revenue (RCNVR) for the Residential Class and the SGS class by month. Each month, each Evergy utility will prepare a report of its actual billings, and calculate the Actual NVR (ANVR) for that month for each of the two classes. At the time of an EEIC rate change, each Evergy utility will provide as its workpapers the running difference between RCNVR and ANVR for all months for which billing is complete at that time. The difference for each class will be incorporated into the new EEIC rate for the Residential Class and the SGS Class, respectively.⁴⁹

10

11

Q. Is continued use of the NTD inconsistent with relief sought by Evergy West?

12

A. Yes. While Staff will address its concerns with Evergy's requested ToU tracker in appropriate filings in ER-2024-0189, it notes here that if the existing NTD mechanism is ordered and the ToU tracker is granted, significant double-recovery is likely.

14

⁴⁹ The subsequent EEIC rate calculation will include any months for which billing was not complete at the time of the EEIC rate calculation.

1 Q. As a latency, does Staff's proposed MEEIA avoided revenue mechanism
2 increase or decrease the revenue risk of each Evergy utility?

3 A. Staff's proposed MEEIA avoided revenue mechanism essentially eliminates
4 shareholder volumetric revenue risk from the Residential and SGS classes.

5 **SGS Rate Switching Component**

6 Q. Is it appropriate to include an adjustment within the SGS calculation to account
7 for rate switching among customer classes?

8 A. Yes. From time to time an SGS customer becomes an LGS⁵⁰ customer (or
9 MGS⁵¹ customer at Evergy Metro). This can occur automatically if the customer's metered
10 demand exceeds 100 kW, or it can occur if a customer elects to change schedules so long as the
11 customer pays the LGS minimum demand charge. Evergy should prepare a monthly report of
12 such rate switching between the LGS, MGS, and SGS classes at each utility (as applicable, with
13 regard to the MGS class), and calculate the NVR by month associated with these customers for
14 the preceding 12 months.⁵² The cumulative "RSNVR"⁵³ for a given calendar month would be
15 excluded from the RCNVR for purposes of the calculation of the running difference between
16 the RCNVR and ANVR in calculating the amount to incorporate into the EEIC rate.

17 **Continuation of existing mechanism for LP, SP, LGS and MGS customers**

18 Q. Is it reasonable to design a similar mechanism for the classes which serve larger
19 customers?

⁵⁰ Large General Service (LGS).

⁵¹ Medium General Service (MGS).

⁵² To the extent that the customer is metered at primary voltage or treated as metered at primary voltage, the same calculations should be made for switching between Small General Service (SGS) and Small Primary Service (SPS).

⁵³ Rate Switching Net Variable Revenue (RSNVR).

1 A. Not at this time. The revenue risk associated with these classes is immense, and
2 driven far more by economic conditions than demand side measures.

3 Q. Do the drawbacks of the existing NTD mechanism necessitate care in program
4 design?

5 A. Yes. EM&V is important for all measures, and the ability of conducting
6 reasonably reliable EM&V should be considered in designing all programs. For reasonable
7 operation of the TD mechanism designed in MEEIA Cycle 2, EM&V design and planning is
8 indispensable. If the energy sales avoided due to a program cannot be measured and verified,
9 then the energy savings assumed from that program should not be included in an NTD
10 calculation. Further, additional granularity in net margin rates is necessary, as discussed above
11 and by Staff expert Dr. Poudel.

12 **CONCLUSION**

13 Q. Does this conclude your direct testimony?

14 A. Yes.

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

In the Matter of Evergy Metro, Inc. d/b/a)
Evergy Missouri Metro's Notice of Intent to) Case No. EO-2023-0369
File an Application for Authority to Establish)
a Demand-Side Programs Investment)
Mechanism)
)
n the Matter of Evergy Missouri West, Inc.)
d/b/a Evergy Missouri West's Notice of) Case No. EO-2023-0370
Intent to File an Application for Authority to)
Establish a Demand-Side Programs)
Investment Mechanism)

AFFIDAVIT OF SARAH L.K. LANGE

STATE OF MISSOURI)
) ss.
COUNTY OF COLE)

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

Further the Affiant sayeth not.

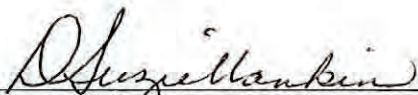


SARAH L.K. LANGE

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 21st day of May 2024.





Notary Public

Sarah L.K. Lange

I received my J.D. from the University of Missouri, Columbia, in 2007, and am licensed to practice law in the State of Missouri. I received my B.S. in Historic Preservation from Southeast Missouri State University, and took courses in architecture and literature at Drury University. Since beginning my employment with the MoPSC I have taken courses in economics through Columbia College and courses in energy transmission through Bismarck State College, and have attended various trainings and seminars, indicated below.

I began my employment with the Commission in May 2006 as an intern in what was then known as the General Counsel's Office. I was hired as a Legal Counsel in September 2007, and was promoted to Associate Counsel in 2009, and Senior Counsel in 2011. During that time my duties consisted of leading major rate case litigation and settlement, and presenting Staff's position to the Commission, and providing legal advice and assistance primarily in the areas of depreciation, cost of service, class cost of service, rate design, tariff issues, resource planning, accounting authority orders, construction audits, rulemakings and workshops, fuel adjustment clauses, document management and retention, and customer complaints.

In July 2013 I was hired as a Regulatory Economist III in what is now known as the Tariff / Rate Design Department. In this position my duties include providing analysis and recommendations in the areas of RTO and ISO transmission, rate design, class cost of service, tariff compliance and design, and regulatory adjustment mechanisms and tariff design. I also continue to provide legal advice and assistance regarding generating station and environmental control construction audits and electric utility regulatory depreciation. I have also participated before the Commission under the name Sarah L. Kliethermes.

Presentations

Midwest Energy Policy Series – Impact of ToU Rates on Energy Efficiency (August 14, 2020)

Billing Determinants Lunch and Learn (March 27, 2019)

Support for Low Income and Income Eligible Customers, Cost-Reflective Tariff Training, in cooperation with U.S.A.I.D. and NARUC, Addis Ababa, Ethiopia (February 23-26, 2016)

Fundamentals of Ratemaking at the MoPSC (October 8, 2014)

Ratemaking Basics (Sept. 14, 2012)

Participant in Missouri's Comprehensive Statewide Energy Plan working group on Energy Pricing and Rate Setting Processes.

Relevant Trainings and Seminars

Regional Training on Integrated Distribution System Planning for Midwest/MISO Region
(October 13-15, 2020)

“Fundamentals of Utility Law” Scott Hempling lecture series (January – April, 2019)

Today's U.S. Electric Power Industry, the Smart Grid, ISO Markets & Wholesale Power Transactions (July 29-30, 2014)

MISO Markets & Settlements training for OMS and ERSC Commissioners & Staff (January 27–28, 2014)

Validating Settlement Charges in New SPP Integrated Marketplace (July 22, 2013)

PSC Transmission Training (May 14 – 16, 2013)

Grid School (March 4–7, 2013)

Specialized Technical Training - Electric Transmission (April 18–19, 2012)

The New Energy Markets: Technologies, Differentials and Dependencies (June 16, 2011)

Mid-American Regulatory Conference Annual Meeting (June 5–8, 2011)

Renewable Energy Finance Forum (Sept. 29–Oct 3, 2010)

Utility Basics (Oct. 14–19, 2007)

Testimony and Staff Memoranda

<u>Company</u>	<u>Case No.</u>
Evergy Metro, Inc. d/b/a Evergy Missouri Metro Evergy Missouri West, Inc. d/b/a Evergy Missouri West In the Matter of Evergy Metro, Inc. d/b/a Evergy Missouri Metro's Notice of Intent to File an Application for Authority to Establish a Demand-Side Programs Investment Mechanism	EO-2023-0369 EO-2023-0370
Evergy Metro, Inc. d/b/a Evergy Missouri Metro Evergy Missouri West, Inc. d/b/a Evergy Missouri West In the Matter of Evergy Metro, Inc. d/b/a Evergy Missouri Metro's and Evergy Missouri West, Inc. d/b/a Evergy Missouri West's Solar Subscription Rider Tariff Filings	ET-2024-0182
Evergy Metro, Inc. d/b/a Evergy Missouri Metro Evergy Missouri West, Inc. d/b/a Evergy Missouri West The Staff of the Missouri Public Service Commission, Complainant, v Evergy Metro, Inc. d/b/a Evergy Missouri Metro's and Evergy Missouri West, Inc. d/b/a Evergy Missouri West	EC-2024-0092
Evergy Metro, Inc. d/b/a Evergy Missouri Metro Evergy Missouri West, Inc. d/b/a Evergy Missouri West In the Matter of the Joint Application of Evergy Metro, Inc. d/b/a Evergy Missouri Metro and Evergy Missouri West, Inc. d/b/a Evergy Missouri West for Approval of Tariff Revisions to TOU Program	ET-2024-0061
Union Electric Company d/b/a Ameren Missouri In the Matter of the Petition of Union Electric Company d/b/a Ameren Missouri for a Financing Order Authorizing the Issue of Securitized Utility Tariff Bonds for Energy Transition Costs related to Rush Island Energy Center	EF-2024-0021
Evergy Metro, Inc. d/b/a Evergy Missouri Metro Evergy Missouri West, Inc. d/b/a Evergy Missouri West In the Matter of Requests for Customer Account Data Production from Evergy Metro, Inc. d/b/a Evergy Missouri Metro and Evergy Missouri West, Inc. d/b/a Evergy Missouri West	E0-2024-0002
Evergy Metro, Inc. d/b/a Evergy Missouri Metro Evergy Missouri West, Inc. d/b/a Evergy Missouri West In the Matter of Evergy Metro, Inc. d/b/a Evergy Missouri Metro's Request to Revise Its Solar Subscription Rider	EO-2023-0423 EO-2023-0424
Union Electric Company d/b/a Ameren Missouri In the Matter of Union Electric Company d/b/a Ameren Missouri's 4 th Filing to Implement Regulatory Changes in Furtherance of Energy Efficiency as Allowed by MEEIA	ER-2023-0136
Union Electric Company d/b/a Ameren Missouri In the Matter of the Application of Union Electric Company d/b/a Ameren Missouri for Certificates of Convenience and Necessity for Solar Facilities	EA-2023-0286
Union Electric Company d/b/a Ameren Missouri In the Matter of Union Electric Company d/b/a Ameren Missouri's Tariffs to Adjust its Revenues for Electric Service	ER-2022-0337

<u>Company</u>	<u>Case No.</u>
NextEra Energy Transmission Southwest, LLC In the Matter of the Application of NextEra Energy Transmission Southwest, LLC for a Certificate of Public Convenience and Necessity to Construct, Install, Own, Operate, Maintain, and Otherwise Control and Manage a 345 kV Transmission Line and associated facilities in Barton and Jasper Counties, Missouri	EA-2022-0234
Spire Missouri, Inc. In the Matter of Spire Missouri Inc.'s d/b/a Spire Request for Authority to Implement a General Rate Increase for Natural Gas Service Provided in the Company's Missouri Service Areas	GR-2022-0179
Evergy Missouri West, Inc. dba Evergy Missouri West In the Matter of Evergy Missouri West, Inc. dba Evergy Missouri West for a Financing Order Authorizing the Financing of Extraordinary Storm Costs Through an Issuance of Securitized Utility Tariff Bonds	EF-2022-0155
Evergy Metro, Inc. dba Evergy Missouri Metro Evergy Missouri West, Inc. dba Evergy Missouri West In the Matter of Evergy Metro, Inc. dba Evergy Missouri Metro's Request for Authority to Implement a General Rate Increase for Electric Service. In the Matter of Evergy Missouri West, Inc. dba Evergy Missouri West's Request for Authority to Implement a General Rate Increase for Electric Service.	ER-2022-0129 ER-2022-0130
The Empire District Electric Company d/b/a Liberty In the Matter of the Petition of The Empire District Electric Company d/b/a Liberty to Obtain a Financing Order that Authorizes the Issuance of Securitized Utility Tariff Bonds for Energy Transition Costs Related to the Asbury Plant	EO-2022-0193
The Empire District Electric Company d/b/a Liberty In the Matter of the Petition of The Empire District Electric Company d/b/a Liberty to Obtain a Financing Order that Authorizes the Issuance of Securitized Utility Tariff Bonds for Qualified Extraordinary Costs	EO-2022-0040
Ameren Transmission Company of Illinois In the Matter of the Application of Ameren Transmission Company of Illinois for a Certificate of Convenience and Necessity Under Section 393.170 RSMo Relating to Transmission Investments in Southeast Missouri	EA-2022-0099
The Empire District Electric Company d/b/a Liberty In the Matter of the Request of The Empire District Electric Company d/b/a Liberty for Authority to File Tariffs Increasing Rates for Electric Service Provided to Customers in its Missouri Service Area	ER-2021-0312
Union Electric Company d/b/a Ameren Missouri In the Matter of Union Electric Company d/b/a Ameren Missouri's Tariffs to Adjust its Revenues for Electric Service	ER-2021-0240
Ameren Transmission Company of Illinois In the Matter of the Application of Ameren Transmission Company of Illinois for a Certificate of Public Convenience and Necessity to Construct, Install, Own, Operate, Maintain, and Otherwise Control and Manage a 138 kV Transmission Line and associated facilities in Perry and Cape Girardeau Counties, Missouri	EA-2021-0087

<u>Company</u>	<u>Case No.</u>
Evergy Affiliates In the Matter of the Application of Evergy Metro, Inc. d/b/a Evergy Missouri Metro and Evergy Missouri West, Inc. d/b/a Evergy Missouri West for Approval of a Transportation Electrification Portfolio	ET-2021-0151
Spire Missouri, Inc. In the Matter of Spire Missouri Inc.'s d/b/a Spire Request for Authority to Implement a General Rate Increase for Natural Gas Service Provided in the Company's Missouri Service Areas	GR-2021-0108
Union Electric Company d/b/a Ameren Missouri In the Matter of the Request of Union Electric Company d/b/a Ameren for Approval of its Surge Protection Program	ET-2021-0082
Union Electric Company d/b/a Ameren Missouri In the Matter of the Request of Union Electric Company d/b/a Ameren Missouri to Implement the Delivery Charge Adjustment for the 1st Accumulation Period beginning September 1, 2019 and ending August 31, 2020	GT-2021-0055
The Empire District Electric Company In the Matter of The Empire District Electric Company's Tariffs Approval of a Transportation Electrification Portfolio for Electric Customers in its Missouri Service Area	ET-2020-0390
The Empire District Electric Company In the Matter of The Empire District Electric Company's Tariffs to Increase Its Revenues for Electric Service	ER-2019-0374
Union Electric Company d/b/a Ameren Missouri In the Matter of of Union Electric Company d/b/a Ameren Missouri's Tariffs to Decrease Its Revenues for Electric Service	ER-2019-0335
KCP&L Greater Missouri Operations Company In the Matter of KCP&L Greater Missouri Operations Company Request for Authority to Implement Rate Adjustments Required by 4 CSR 240-20.090(8) And the Company's Approved Fuel and Purchased Power Cost Recovery Mechanism	ER-2019-0413
Union Electric Company d/b/a Ameren Missouri In the Matter of of Union Electric Company d/b/a Ameren Missouri's Tariffs to Increase Its Revenues for Natural Gas Service	GR-2019-0077
Union Electric Company d/b/a Ameren Missouri In the Matter of the Application of Union Electric Company d/b/a Ameren Missouri Revised Tariff Sheets	ET-2019-0149
The Empire District Electric Company In the Matter of The Empire District Electric Company's Revised Economic Development Rider Tariff Sheets	ET-2019-0029
The Empire District Electric Company In the Matter of a Proceeding Under Section 393.137 (SB 564) to Adjust the Electric Rates of The Empire District Electric Company	ER-2018-0366

<u>Company</u>	<u>Case No.</u>
Union Electric Company d/b/a Ameren Missouri In the Matter of the Application of Union Electric Company d/b/a Ameren Missouri for Permission and Approval and a Certificate of Public Convenience and Necessity Authorizing it to Construct a Wind Generation Facility	EA-2018-0202
Kansas City Power & Light Company KCP&L Greater Missouri Operations Company In the Matter of Kansas City Power & Light Company's Request for Authority to Implement a General Rate Increase for Electric Service	ER-2018-0145 ER-2018-0146
Union Electric Company d/b/a Ameren Missouri In the Matter of the Application of Union Electric Company d/b/a Ameren Missouri for Approval of Efficient Electrification Program	ET-2018-0132
Union Electric Company d/b/a Ameren Missouri In the Matter of the Application of Union Electric Company d/b/a Ameren Missouri for Approval of 2017 Green Tariff	ET-2018-0063
Laclede Gas Company Laclede Gas Company d/b/a Missouri Gas Energy In the Matter of Laclede Gas Company's Request to Increase Its Revenue for Gas Service, In the Matter of Laclede Gas Company d/b/a Missouri Gas Energy's Request to Increase Its Revenue for Gas Service.	GR-2017-0215 GR-2017-0216
Kansas City Power & Light Company In the Matter of Kansas City Power & Light Company's Demand Side Investment Rider Rate Adjustment And True-Up Required by 4 CSR 240-3.163(8)	ER-2017-0316
Kansas City Power & Light Company In the Matter of Kansas City Power & Light Company's Demand Side Investment Rider Rate Adjustment And True-Up Required by 4 CSR 240-3.163(8)	ER-2017-0167
KCP&L Great Missouri Operations Company In the Matter of KCP&L Greater Missouri Operations Company's Annual RESRAM Tariff Filing	ET-2017-0097
Grain Belt Express Clean Line, LLC In the Matter of the Application of Grain Belt Express Clean Line LLC for a Certificate of Convenience and Necessity Authorizing It to Construct, Own, Operate, Control, Manage, and Maintain a High Voltage, Direct Current Transmission Line and an Associated Converter Station Providing an Interconnection on the Maywood - Montgomery 345 kV Transmission Line	EA-2016-0358
Kansas City Power & Light Company In the Matter of Kansas City Power & Light Company's Demand Side Investment Rider Rate Adjustment And True-Up Required by 4 CSR 240-3.163(8)	ER-2016-0325
Kansas City Power & Light Company In the Matter of Kansas City Power & Light Company's Request for Authority to Implement A General Rate Increase for Electric Service	ER-2016-0285
Union Electric Company d/b/a Ameren Missouri In the Matter of Union Electric Company d/b/a Ameren Missouri for Permission and Approval and a Certificate of Public Convenience and Necessity Authorizing it to Offer a Pilot Subscriber Solar Program and File Associated Tariff	EA-2016-0207

<u>Company</u>	<u>Case No.</u>
Union Electric Company d/b/a Ameren Missouri In the Matter of Union Electric Company d/b/a Ameren Missouri's Tariff to Increase Its Revenues for Electric Service	ER-2016-0179
KCP&L Great Missouri Operations Company In the Matter of KCP&L Greater Missouri Operations Company's Request for Authority to Implement a General Rate Increase for Electric Service	ER-2016-0156
Empire District Electric Company In the Matter of The Empire District Electric Company's Request for Authority to Implement a General Rate Increase for Electric Service	ER-2016-0023
Ameren Transmission Company of Illinois In the Matter of the Application of Ameren Transmission Company of Illinois for Other Relief or, in the Alternative, a Certificate of Public Convenience and Necessity Authorizing it to Construct, Install, Own, Operate, Maintain and Otherwise Control and Manage a 345,000-volt Electric Transmission Line from Palmyra, Missouri to the Iowa Border and an Associated Substation Near Kirksville, Missouri	EA-2015-0146
Ameren Transmission Company of Illinois In the Matter of the Application of Ameren Transmission Company of Illinois for Other Relief or, in the Alternative, a Certificate of Public Convenience and Necessity Authorizing it to Construct, Install, Own, Operate, Maintain and Otherwise Control and Manage a 345,000-volt Electric Transmission Line in Marion County, Missouri and an Associated Switching Station Near Palmyra, Missouri	EA-2015-0145
Union Electric Company d/b/a Ameren Missouri In the Matter of Union Electric Company d/b/a Ameren Missouri's 2nd Filing to Implement Regulatory Changes in Furtherance of Energy Efficiency as Allowed by MEEIA	EO-2015-0055
Kansas City Power & Light Company In the Matter of Kansas City Power & Light Company's Request for Authority to Implement a General Rate Increase for Electric Service	ER-2014-0370
Empire District Electric Company In the Matter of The Empire District Electric Company for Authority to File Tariffs Increasing Rates for Electric Service Provided to Customers in the Company's Missouri Service Area	ER-2014-0351
Union Electric Company d/b/a Ameren Missouri City of O'Fallon, Missouri, and City of Ballwin, Missouri, Complainants v. Union Electric Company d/b/a Ameren Missouri, Respondent	EC-2014-0316
Union Electric Company d/b/a Ameren Missouri In the Matter of Union Electric Company d/b/a Ameren Missouri's Tariff to Increase Its Revenues for Electric Service	ER-2014-0258
Union Electric Company d/b/a Ameren Missouri Noranda Aluminum, Inc., et al., Complainants, v. Union Electric Company d/b/a Ameren Missouri, Respondent	EC-2014-0224

<u>Company</u>	<u>Case No.</u>
Grain Belt Express Clean Line, LLC In the Matter of the Application of Grain Belt Express Clean Line LLC for a Certificate of Convenience and Necessity Authorizing It to Construct, Own, Operate, Control, Manage, and Maintain a High Voltage, Direct Current Transmission Line and an Associated Converter Station Providing an Interconnection on the Maywood - Montgomery 345 kV Transmission Line	EA-2014-0207
KCP&L Great Missouri Operations Company In the Matter of KCP&L Greater Missouri Operations Company's Application for Authority to Establish a Renewable Energy Standard Rate Adjustment Mechanism	EO-2014-0151
Kansas City Power & Light Company In the Matter of Kansas City Power & Light Company's Filing for Approval of Demand-Side Programs and for Authority to Establish A Demand-Side Programs Investment Mechanism	EO-2014-0095
Veolia Energy Kansas City, Inc. In the Matter of Veolia Energy Kansas City, Inc. for Authority to File Tariffs to Increase Rates	HR-2014-0066

Is your home leaking money?



The bad news is that air leaks in your home can be costly. But the good news is that proper sealing around doors and windows can save you as much as 10% on your heating and cooling energy costs. Which is why we're offering discounts on easy-to-install Weatherization Kits and other air-sealing solutions in our Marketplace. Start shopping now to seal and save!

SEE DEALS

What to expect when you upgrade to a smart thermostat



Our Thermostat Program lets you control and monitor your energy use from anywhere using a **free** or discounted smart thermostat. Once you've upgraded, you'll be eligible to participate in Energy Saving Events, during which you and your community can save energy together.

A smart thermostat lets you more efficiently heat and cool your home, for an average savings of **\$131 - \$145** per year. Plus, you'll receive an annual incentive of **\$25** after the first year of enrollment in our Thermostat Program.

UPGRADE YOUR THERMOSTAT

How can time-based plans work for you?

Small actions go a long way when it comes to shifting your energy use away from Peak hours. You'll save energy *and* money—while lessening the impact on the grid for everyone. Take simple steps like delaying running large appliances such as your dryer and dishwasher until Saver hours. Another great way to save is using a smart thermostat to automate your heating and cooling systems to run less frequently during Peak hours.



Save with these time-based plan savings tips

Energy costs are higher during peak hours of 4-8 pm on most rate plans.

- 1 Kitchen**
Delay Start: Delay your dishwasher until overnight or in the morning.
- 2 Living room**
Program Your Thermostat: Use a smart thermostat to lower the temperature during peak hours.
Rebate Offer: Evergy offers free and discounted smart thermostats.
- 3 Garage**
Off-Peak Charging: If you have an electric vehicle, charge it during off-peak hours to save on charging costs.
Rebate Offer: Get up to \$500 toward the cost of an EV outlet or charger.
- 4 Laundry room**
Wash Clothes Wisely: Try cold water for washing clothes, and run your washer and dryer during off-peak hours.
- 5 Bedroom**
Seal Drafts: Ensure windows and doors are sealed to prevent heat loss.
Rebate Offer: Get up to \$1,200 off on new HVAC units. Evergy can also help with other efficiency upgrades through our PAYS program.
- 6 Office**
Monitor Energy Usage: Log in to your Evergy online MyAccount to monitor your usage by hour.
Tip: Download the new Evergy mobile app to monitor your usage from anywhere.



Evergy Missouri West
Case Name: 2024 Evergy MO West Rate Case
Case Number: ER-2024-0189

Requestor Giacone Jared -
Response Provided April 18, 2024

Question:0293

Please reference the TOU quarterly cost report, EFIS Item number 731 filed in ER-2022-0130 and: 1) Identify whether, and if so, what TOU transition costs either directly or indirectly are being recovered or will be proposed to be recovered either partially or completely through the Missouri Energy Efficiency Investment Act (“MEEIA”) and explain how the costs are tracked and kept separate to prevent duplication of cost recovery. 2) For any direct or indirect TOU transition costs recovered, proposed to be recovered, or anticipated to be recovered through MEEIA since July 1, 2022, please provide: a) Vendor b) Date c) Amount d) Description of cost e) FERC Account and resource code f) Explanation whether the cost has already been included in MEEIA, is/will be proposed to be recovered through MEEIA, or is anticipated to be recovered through MEEIA DR Requested by Jared Giacone (jared.giacone@psc.mo.gov <<mailto:jared.giacone@psc.mo.gov>>)

RESPONSE: (do not edit or delete this line or anything above this)

Confidentiality: PUBLIC

Statement: This response is Public. No Confidential Statement is needed.

Response:

Evergy did not include in EFIS Item 731 any costs related to TOU transition costs that will be charged through MEEIA recovery mechanism. Evergy does not plan to recover any costs related to TOU transition costs in the MEEIA recovery mechanism.

Information provided by:

Brian File, Director, Demand Side Management

Attachment(s): none

Case No. ER-2024-0189
Schedule SLKL-drr4, Page 1 of 2



Missouri Verification:

I have read the Information Request and answer thereto and find answer to be true, accurate, full and complete, and contain no material misrepresentations or omissions to the best of my knowledge and belief; and I will disclose to the Commission Staff any matter subsequently discovered which affects the accuracy or completeness of the answer(s) to this Information Request(s).

Signature /s/ *Brad Lutz*
Director Regulatory Affairs

Case No. ER-2024-0189

SCHEDULE SLKL-drr5

HAS BEEN DEEMED

CONFIDENTIAL

IN ITS ENTIRETY

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

NOTICE OF WORKSHOP PRESENTATION

COMES NOW, Evergy Metro, Inc. d/b/a as Evergy Missouri Metro (“Evergy Missouri Metro”) and Evergy Missouri West, Inc. d/b/a Evergy Missouri West (“Evergy Missouri West”) (collectively, “Evergy” or the “Company”) and submits its *Notice of Workshop Presentation* (“Notice”) to the Missouri Public Service Commission (the “Commission”), and states as follows:

1. On December 8, 2022, the Commission issued its *Amended Report and Order* (“Order”) in File Nos. ER-2022-0129 and ER-2022-0130, which stated in part:

To assist Evergy with developing customer education and outreach regarding TOU rates, the Commission will convene a workshop to that effect under a separate File Number. As no expense amounts are included in the rates approved in this case for customer education and outreach costs associated with the implementation of mandatory and optional TOU rates, the Commission will also authorize the tracking of these costs for consideration and possible recovery in Evergy’s next rate case. Evergy will be directed to submit quarterly reports detailing the types and amounts of any education and outreach expenses deferred.¹

2. On February 27, 2023, the Company filed a *Notice of Workshop* informing the Commission that the required workshop would be held on March 28, 2023.

3. As planned, on March 28, 2023, the workshop identified above was conducted. A copy of the Company’s presentation is attached hereto as **Exhibit A**.

WHEREFORE, The Company submits the above-noticed workshop to the Commission.

¹ See, Order, p. 72.

Respectfully submitted,

/s/ Roger W. Steiner

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James M. Fischer, MBN 27543
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Jefferson City, MO 65101
Phone: (573) 636-6758 ext. 1
Fax: (573) 636-0383
jfischerpc@aol.com

**Attorneys for Evergy Missouri Metro and
Evergy Missouri West**

CERTIFICATE OF SERVICE

I hereby certify that a true and copy of the foregoing was emailed on this 29th day of March 2023 to counsel for all parties.

/s/ Roger W. Steiner

Roger W. Steiner



Time-of-Use Workshop 1

EW-2023-0199 / March 28, 2023





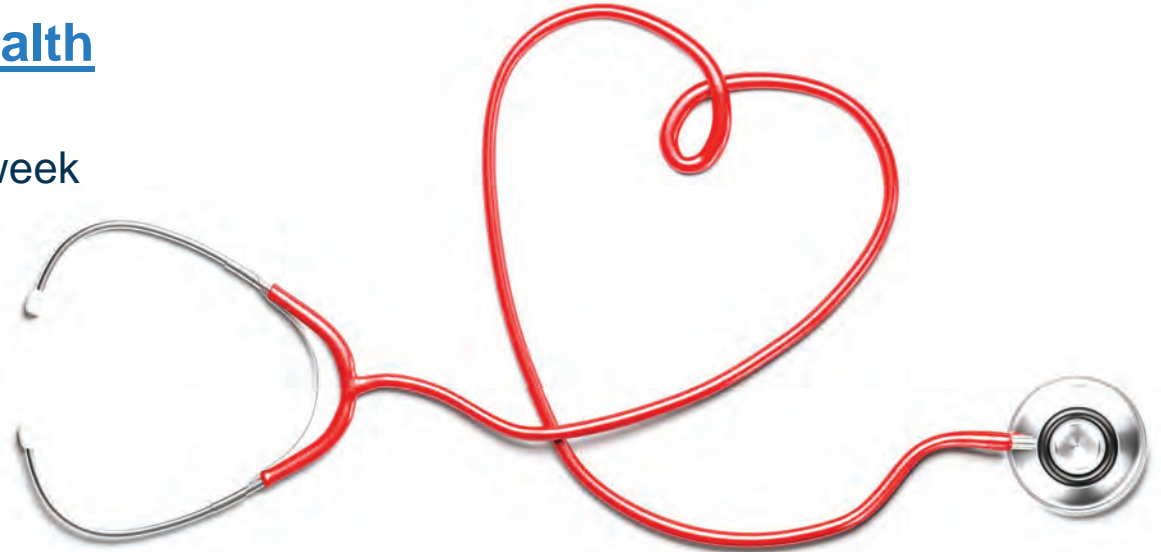
Agenda

- Safety Moment & Introduction
- Background & Purpose of Workshop
- Brattle Presentation:
 - Bill Impacts Analysis
 - Observations from other Jurisdictions
- Evergy Update
- Facilitated Discussion / Stakeholder Feedback
- Next Steps

Safety Moment: Heart Health

Self-Care Tips for Heart Health

- Get physical - 150 minutes per week
- Watch for meals high in sodium & unhealthy fats
- Sleep 7-8 hours a night
- Manage stress levels
- Maintain a healthy weight
- Check blood pressure, blood sugar, & cholesterol levels
- Talk to your healthcare provider





Process for Follow Up Questions/Material

- To help ensure questions are addressed accurately, please remember for any follow up questions or requests coming out of this meeting that could not be answered and delivered within the construct of this meeting, please email the request(s) to:
 - Regulatory.Affairs@evergy.com
 - Reference docket **EW-2023-0199** in the subject line.

TOU Workshop 1

EW-2023-0199

Exhibit A - Page 5 of 34



Case No. ER-2024-0189
Schedule SLKL-drr6, Page 7 of 36



Presenters & Participants

- Evergy
- Brattle Group
- Stakeholders
 - Missouri PSC Staff
 - Office of the Public Counsel
 - ChargePoint, Inc
 - City of St. Joseph, Missouri
 - Google LLC
 - Midwest Energy Consumers Group
 - Missouri Industrial Energy Consumers
 - Nucor Steel Sedalia, LLC
 - Renew Missouri
 - Sierra Club
 - Velvet Tech Services, LLC



Background & Purpose

- Evergy Rate Review Amended Report & Order (ER-2022-0129/0130)
- Collaborative Workshop for Customer Education and Outreach Regarding the Introduction of Default Time-of-Use Rates by Evergy Missouri (EW-2023-0199)
- Workshop 1:
 - Share observations from other utilities that have implemented (or are preparing) mandatory TOU rates
 - Provide an update on Evergy's activities and plans for the coming months
 - Solicit ideas and feedback from Evergy stakeholders

Transitioning to Default TOU: Observations from Other Jurisdictions

PREPARED BY

Ryan Hledik
Long Lam
Rohan Janakiraman

EVERGY TOU TRANSITION WORKSHOP
MARCH 28, 2023



Exhibit A

Objectives of this presentation

- Present expected Evergy customer bill impacts due to the default TOU transition
- Summarize emerging practices of North American utilities that have transitioned residential customers to default TOU
- Comment on the applicability of those practices to the Evergy default TOU transition

Summary of Evergy's TOU rates (MO Metro)



	Default		Opt-in Alternatives					
	2-period TOU		3-period TOU		High Differential TOU		Peak Adjustment Rate (Low Differential TOU)	
	Summer	Non-summer	Summer	Non-summer	Summer	Non-summer	Summer	Non-summer
Peak	38.3	N/A	33.8	27.6	35.9	27.3	+ 1 cent	+0.25 cents
Off-peak	9.6	11.3	11.3	10.8	12.0	9.1	14.5 (avg)	10.7 (avg)
Super off-peak	N/A	5.7	5.6	4.7	3.0	2.3	- 1 cent	- 1 cent
Price ratio	4 : 1	2 : 1	6 : 2 : 1	5.9 : 2.3 : 1	12 : 4 : 1	12 : 4 : 1	1.2 : 1 (est)	1.2 : 1 (est)

- Notes:
- Rates are shown in cents/kWh and exclude customer charge and riders. Rates are shown as rounded to the nearest tenth of one cent.
 - The same period and season definitions apply to all modeled rates: Summer = June 1 – Sept 30. Peak = 4 to 8 pm on non-holiday weekdays. Super off-peak = midnight to 6 am on all days. Off-peak = all other hours.
 - The Peak Adjustment Rate displayed in the table above reflects the average energy charge that the average customer would face in the given season.

Other defining characteristics of Evergy's TOU rollout

- The standard non-time-varying rate is no longer available to customers
 - TOU effectively is the mandatory rate option, though with a choice of TOU rates
 - The Peak Adjustment rate somewhat resembles the standard non-time-varying rate
- The default transition must begin by October 1 and end by December 31, 2023
 - Spans the 3 months at the beginning of the non-summer season
- Electric heating customers no longer will have access to the heating rate discount
- Net energy metering customers are defaulted to the Peak Adjustment rate
- Existing customers on the 3-period time varying rate will remain on that rate

Bill Impact Analysis

Exhibit A - Page 12 of 34

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Approach

We assessed the distribution of customer bill impacts resulting from Evergy customers being transitioned from the standard residential service rate to default TOU

Approach

- Establish representative samples of customers using test year AMI data (July 2020 to June 2021)
 - 20,000 randomly selected customers with a full year of load data in each Missouri jurisdiction
 - Includes representative share of electric heating customers
- Calculate four TOU rates that are revenue neutral to the residential service rate for the samples
 - 2-period TOU, 3-period TOU, High Differential, Peak Adjustment Rate
 - Based on current tariff, with slight adjustments to establish revenue neutrality for the sample of customers
- Calculate the annual bill of each customer under each rate
- Summarize distribution of customer bill impacts due to rate transition
 - Including for several customer segments

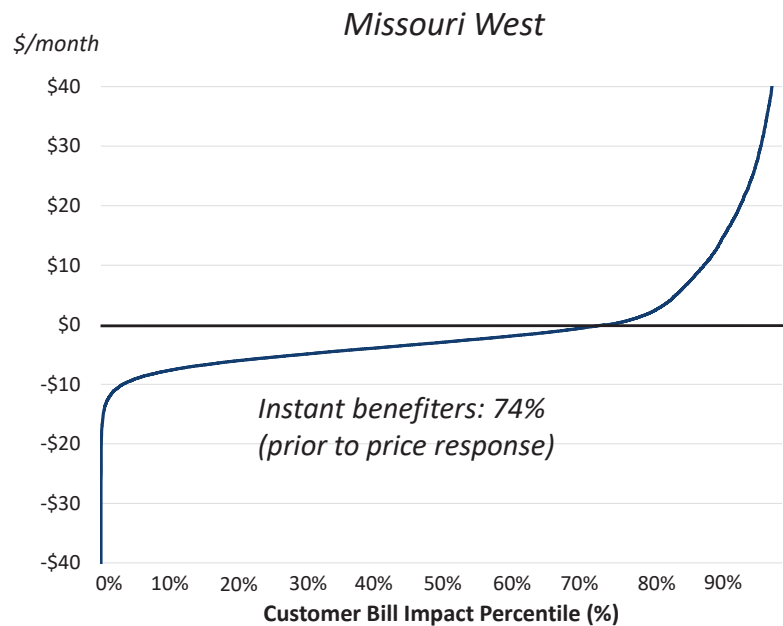
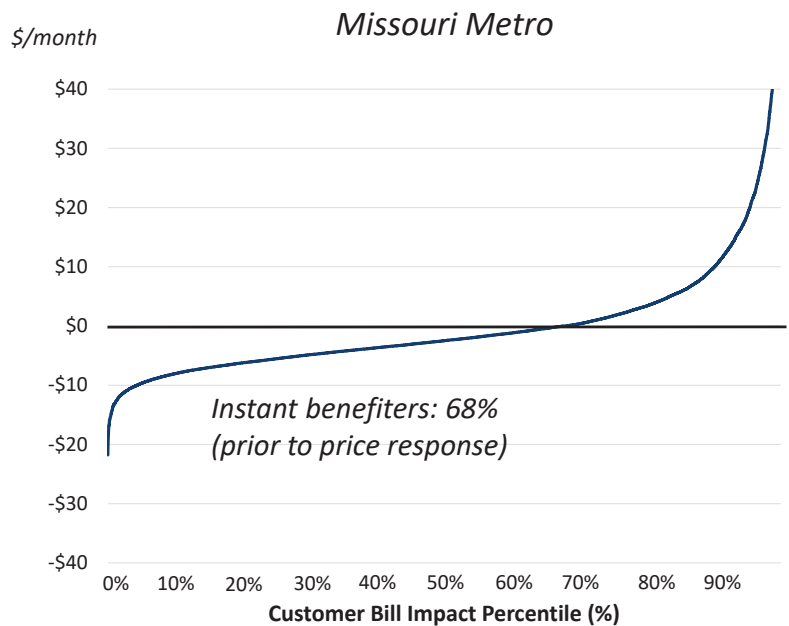
Note: Bill impacts in this presentation do not account for price response / load shifting potential. See Evergy's impact evaluation study of its three-period TOU pilot rate for an estimate of customer price response.

Distribution of bill impacts

68% to 74% of customers are instant benefitters on the 2-period TOU, but around 10% could experience an average bill increase of at least \$10/month.



Average Bill Change from Standard Non-TOU Rate to Default 2-Period TOU Rate

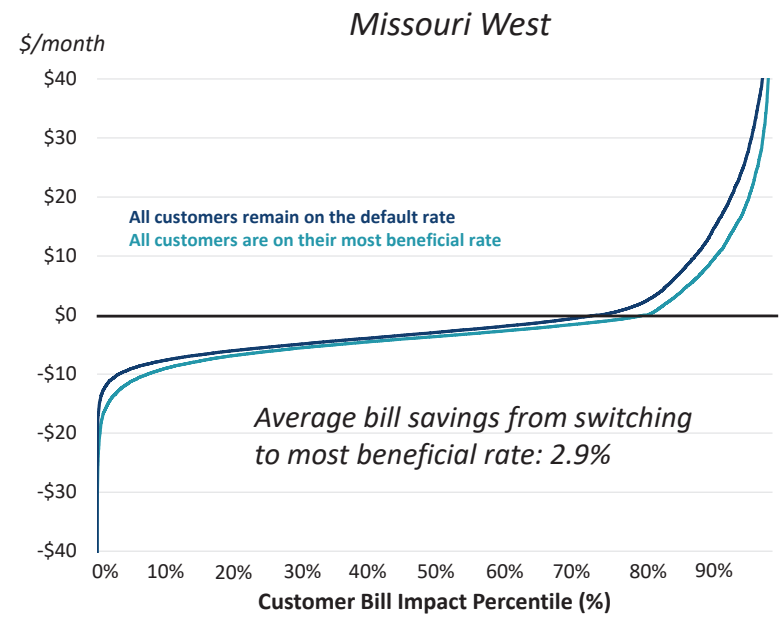
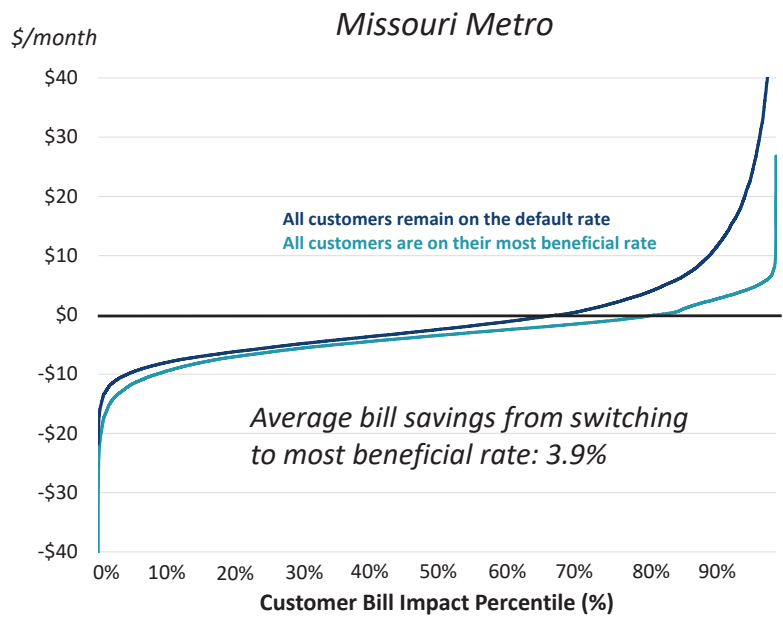


Distribution of bill impacts (cont'd)

Rate choice could increase the share of benefitters to over 80%. However, the bill savings opportunity from switching rates is modest for most customers.



Average Bill Change from Standard Non-TOU Rate to Default 2-Period TOU Rate

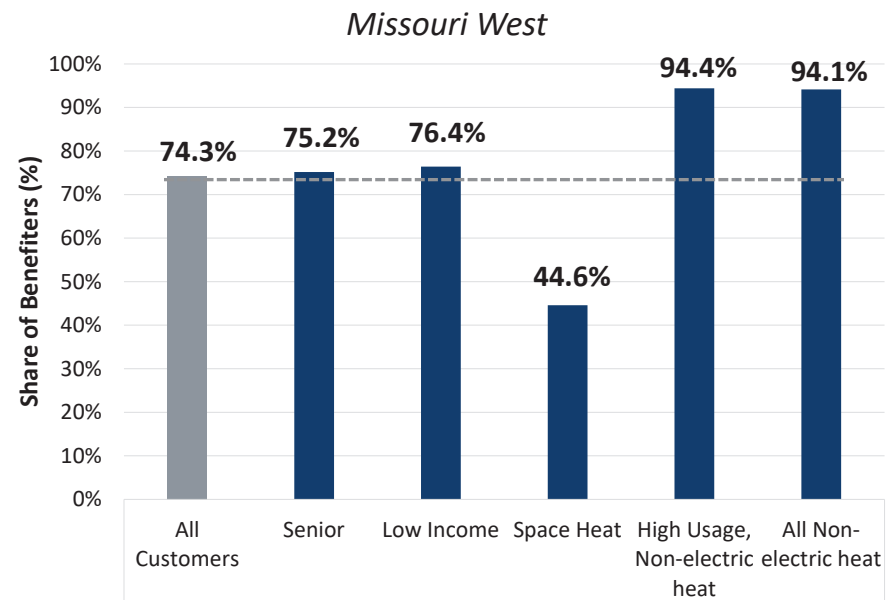
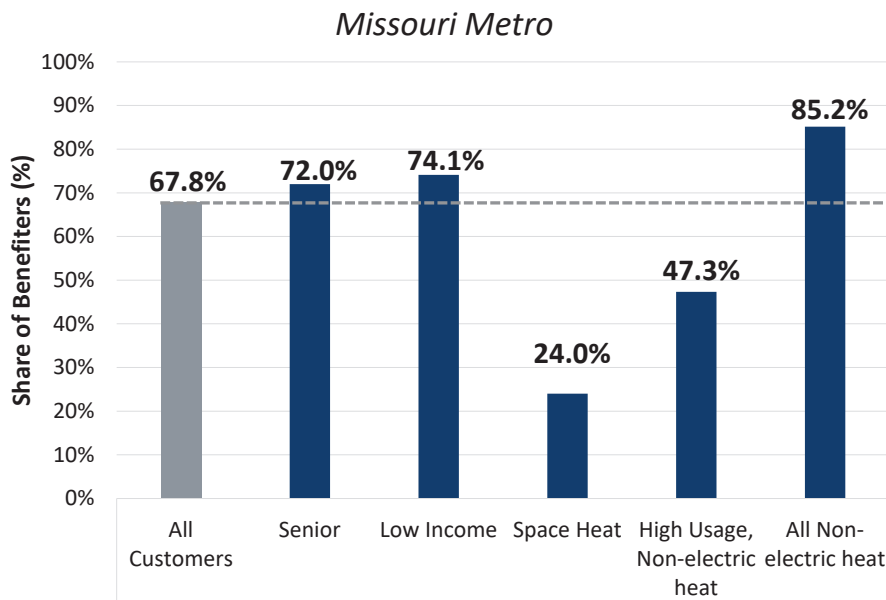


Default TOU bill impacts by customer segment

Senior and low income customers are more likely to benefit on the 2-period rate than other customers. Electric heating customers often experience bill increases on the new TOU rate.



Share of Customers Benefiting when Moving from Standard Non-TOU Rate to Default 2-Period TOU Rate



Note: Analysis assumes all customers remain on default rate. We define 'low income' customers as those with a household income of \$40K per year or less. We define 'senior' customers as those who are 66 years old or older. We define 'high usage' customers as those in the 4th consumption quartile.

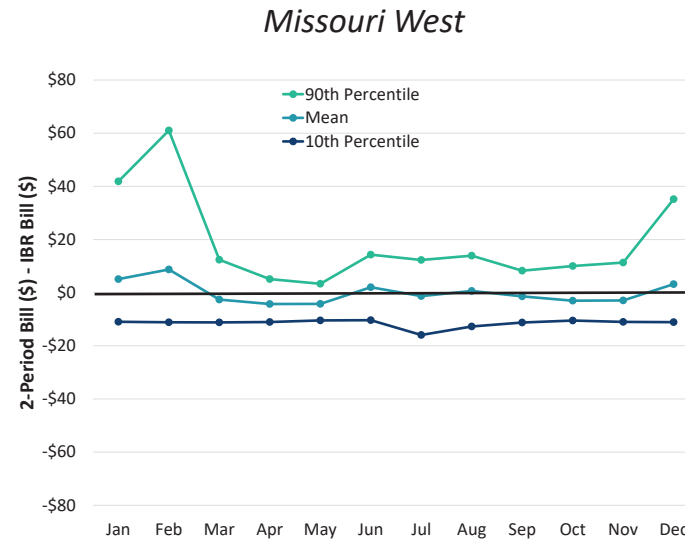
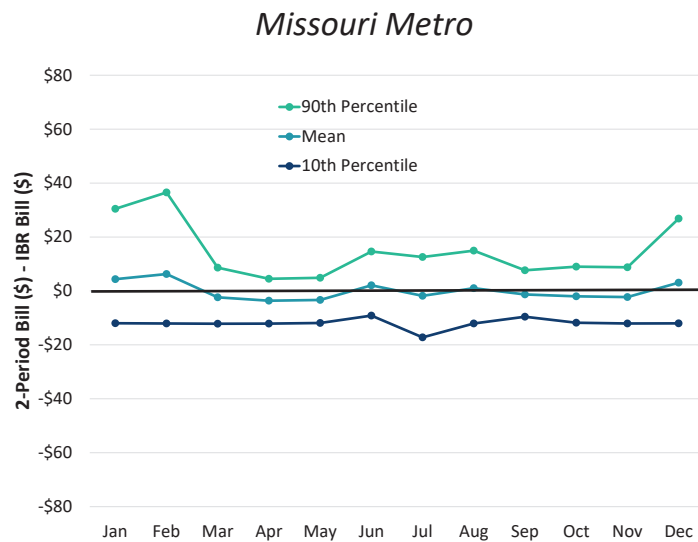
brattle.com | 16

Monthly bill impacts

There is minimal seasonal variation in bill impacts *on average*, because the default TOU rate is seasonally revenue neutral. At the monthly level, variation in bill impacts is lowest during shoulder months (Spring and Fall). Heating rate customers could experience significant bill swings in winter months (Dec – Feb) due to the loss of the heating rate discount.



Average Bill Change from Standard Non-TOU Rate to Default 2-Period TOU Rate



Note: Percentiles indicate range of bill impacts in each month individually.

Observations from Other Jurisdictions

Exhibit A - Page 18 of 34

Case No. ER-2024-0189
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There is a trend toward large scale TOU rollouts

The following utilities have or will transition to default or mandatory TOU, or otherwise have achieved high levels of opt-in participation

Default TOU (8)

- Ameren, California IOUs (SCE, PG&E SDG&E), DTE, LIPA, SMUD, Xcel Energy (CO)

Mandatory TOU (2)

- Consumers Energy, Fort Collins Utilities

Opt-in with high participation (2)

- Arizona Public Service, Salt River Project

We interviewed 9 of these utilities to survey their TOU transition strategies.



The interviews

We conducted the interviews in Summer 2022

One-hour conversations with rates/regulatory staff to explore:

- Rate design
- Customer outreach, education and marketing
- Operational practices

We present aggregate observations; findings are not attributed to specific individuals or companies unless the information is publicly available.

Context for the findings

Given the emerging state of default residential TOU rates, there is not yet an established industry “best practice” for transitioning customers to the new rates.

We report observations about practices from other jurisdictions, and some lessons learned from that experience. We are not presenting Evergy's TOU transition plans

The relevance of the observations to Evergy’s TOU transition will vary, due to differences in rate options, policy environments, timelines, and other factors across the utilities.

For example, the California IOU rollout was a statewide marketing initiative with a deployment period that spanned well over a year, with specific legislative requirements for rate design.

Observations: Customer communication

- **Multiple notifications:** The California utilities provided customer notification of the rate change 90 days, 60 days, and 30 days before the rollout. Customers were given the option to opt out prior to being defaulted to TOU.
- **Focus on price discount:** Utilities recommended focusing messaging on the off-peak price discount that is offered during the majority of hours of the year relative to current standard non-TOU rate. This includes when engaging with the media.
- **Multiple communications channels:** The utilities advised using as many communications channels as possible to communicate about the upcoming transition.
 - Examples from other utilities include mass media, direct mail, email, outbound call centers, door hangers, refrigerator magnets, microsites targeting different customer groups, Facebook groups, and YouTube ads.
- **Post-transition support:** Post-transition customer care and engagement were considered necessary and effective at a fraction of the cost of initial marketing campaign.
- **Catch phrase:** Most utilities have a catch phrase or mascot to emphasize the appeal of the TOU rate or behaviors to facilitate bill savings (e.g., wait till eight, easy three, power down in afternoon, shift and save).

Observations: Digital tools

- **Bill calculator:** Most utilities offered an online bill calculator/price comparison tool. Some provided bill comparison for a representative customer, others provided comparison based on a customer's own 12-month usage.
- **Price response:** Some utilities included estimates of bill savings due to reducing or shifting usage associated with specific appliances.

Observations: Marketing

- **Budgets:** Varied significantly by utility; very difficult to establish consistent data for cost comparison. High-level estimates ranged from around \$7/customer to around \$24/customer. Variation is driven by factors such as which costs are included (e.g., education, workforce training, technology upgrades).
- **Market research:** Utilities often used market research to find a message/pitch that works. For example, the focus could be on environmental benefits, bill savings, contributing to system reliability, or other messages that resonate with the customer base.
- **Duration of customer engagement:** Some utilities provided up to a full year of customer engagement prior to the transition. In the case of the California utilities, early engagement focused on a general statewide information campaign.

Observations: Customer protections

- **Bill protection:** Some utilities offered bill protection for a limited term. In all cases, utilities were allowed to track and recover the lost revenue through future rates, and the “protection” was relative to the standard non-TOU rate (which will not be an option for Evergy customers).
- **Exemptions:** Some utilities provided default TOU exemptions for adversely impacted customer segments. In Evergy’s case, exemptions may not be allowed. Further, since there is not a non-TOU alternative, this activity may be limited to providing customers with information about the expected bill-minimizing TOU rate.

Observations: Rollout strategy

- **Soft launch:** Utilities introduced the rate first as a pilot and then as a full-scale voluntary option through a “soft launch” before it became the default option.
- **Deploy in waves:** Utilities often transitioned customers to the default TOU rate in waves, with the size and pace of the waves dictated by the utility’s capacity to handle new TOU participants from a billing and customer service standpoint.
- **Targeted initial deployment:** Some utilities focused early waves of the transition on customers who were likely to be automatic benefiterers, to create positive word-of-mouth.
- **Duration of transition:** For several utilities, the period during which customers were moved to the new TOU rate spanned 15 to 20 months.
- **Seasonality:** Utilities advised not transitioning customers in months/seasons when they are more likely to experience a meaningful bill increase. In Evergy’s case, this would mean focusing the transition on shoulder months.

Conclusion

Based on our initial review, the following are three important considerations in Evergy's TOU transition

- How to educate and communicate with electric heating customers facing potential bill increases
- How to effectively transition customers within a three-month time window
- Ensuring that the billing system and customer call center have the capacity for the scale of change that will result from the default TOU transition

Evergy Update

Jeff Beeson & Julie Dragoo

Exhibit A - Page 28 of 34





Customer Marketing and Education RFP Timeline

	Milestone	Tentative Completion Date
<input checked="" type="checkbox"/>	RFP Sent Out to Potential Agencies	February 8, 2023
<input checked="" type="checkbox"/>	Proposal Responses Due	February 27, 2023
<input checked="" type="checkbox"/>	Proposal Review	March 2023
	Stakeholder Discussion and Input	March 28, 2023
	Selection Process and Strategy Development	April 2023
	Strategy Review with Stakeholders	May 2023



Implementation Update

- New Residential TOU Rates
 - Residential TOU 3-period
 - Residential TOU 2-period – default rate in October
 - Residential TOU High differential (EV whole home)
 - Residential TOU separately metered EV
 - Residential Peak Adjustment (Staff's low differential rate)
- Approximately 10 customers have called to enroll or inquire about enrollment in the new rates/programs (as of 3/10)
- Rate assignment details and key business decisions related to customer transition in progress
- Working with vendor to update TOU Rate Education Tools

Workshop Discussion

Exhibit A - Page 31 of 34



Case No. ER-2024-0189
Schedule SLKL-drr6, Page 33 of 36



Facilitated Discussion / Stakeholder Feedback

- **Timeline:** Educating and transitioning customers within short time window
- **Transition:** Phased approach and billing system impacts
- **Customer Support:** Call center impacts and online tools/resource needs
- **High Risk Customers:** Support for income-eligible and hard-to-reach customers
- **Electric Heating Customers:** Impacts of potential bill increases

Next Steps / Workshop 2

Exhibit A - Page 33 of 34





Next Steps & Workshop 2

- Next workshop to be scheduled in May:
 - Evergy will provide an update on activities
 - Evergy will share more details on the education and marketing plans
- Open to additional workshops prior to October 2023
- Please email questions or requests that could not be answered and delivered within the construct of this meeting to:
 - Regulatory.Affairs@evergy.com
 - Reference docket **EW-2023-0199** in the subject line.

**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 MARCH 28, 2023 PRESENTATION AND
REQUESTS FOR ADDITIONAL INFORMATION**

COMES NOW the Staff of the Missouri Public Service Commission, and for its *Staff Response to March 28, 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.*

Staff Concerns and Feedback

2. Staff is concerned about customers receiving information regarding the default rate and education regarding time of use generally at most only 90 days prior to the change in rate plans as Evergy has indicated in this presentation. Staff believes this information should include the default rate and the full-range of the optional rates that a customer can choose. However, information on the default rate should take priority if there other timing limitations due to the number of optional rates in effect. The primary focus should be on educating customers of the bill impacts expected under default ToU

rate, and education on how rate applies to customers' usage. Care must be taken that marketing of optional rates does not distract from education on the default rate.

3. In addition to Evergy's existing ToU education programs, Staff suggests including a line on customer bills as soon as it is possible to do so stating essentially "Your current rate plan will no longer be available beginning in late 2023. Please keep an eye out for further information concerning this important change. Information concerning your expected bill impact based on your current usage pattern will be available online at WEBSITE, beginning in MONTH/DATE. Starting with your MONTH bill, information concerning your expected bill impacts and usage patterns will be included on your bill." Staff suggests then including a line on customer bills as soon as it is possible to do so stating essentially "Your current bill this month was \$xx.xx. In late 2023 you will be transitioned to the 2 Part ToU Rate Plan, unless you select a different optional Time Based rate plan. If you had been on the 2 Part ToU Rate Plan this month, your bill would have been \$xx.xx."

4. This is not intended to preclude additional appropriate education such as mass media, social media, and through community partners.

5. Staff suggests Evergy consider whether different and/or additional information should be provided to customers currently served on discounted rates, such as space heating, and net metering customers.

6. Slide 22 mentions "focus on price discount," Staff is concerned that this is not the most reasonable aspect to emphasize under the circumstances and time constraints of this case.

7. The utility should be recording expenditures in a manner to tie any costs and expenses for which rate recovery will be sought (including deferred expenses) to the purpose for which the costs were incurred. Care should be taken to preserve any delineations between educating customers regarding the default rate and marketing of optional rates

Supporting and Additional Information Requested

8. Please provide information on the timing and expected cost of each suggested content item described above in numbers 2-4.

9. What marketing names are being contemplated for the rate plans?

10. Please provide the timing and content of Company's proposed 90/60/30 day marketing materials.

11. Please provide workpapers underlying slides presented on pages 14 – 17 (bill impacts).

12. Please provide notes and any other materials associated with interviews described on slide 20 (Summer 2022 interviews re: ToU deployment at other utilities).

13. Provide workpapers for the budget estimates at page 24.

14. Clearly identify what changes to the bill comparison tool Evergy believes are necessary, and provide estimated cost of each change and estimated timeline of each change.

15. Clearly identify the anticipated changes in call center staffing/training Evergy believes are necessary and provide estimated cost of each change, and estimated timeline of each change.

16. Clearly identify the anticipated changes in billing systems that Evergy believes are necessary and provide the estimated cost of each change, and estimated timeline of each change.

17. Please describe in as much detail as possible Evergy's preliminary plans for deployment/transition, including any targeted initial deployment.

18. Please provide the RFP, Responses, Evergy scoresheets or metrics, and any underlying data or information for the "Customer Marketing and Education" referenced on slide 29.

19. Please provide explanations and justification for all costs incurred to procure outside consulting for purposes of customer education and marketing associated with ToU rate structure implementation since the Commission provided at Agenda the direction it intended to take in its Order concerning default ToU rates.

20. Please provide a detailed explanation of the limitations of Evergy's current employees in implementing customer marketing and education associated with implementation of the ordered rate structures.

WHEREFORE, Staff prays the Commission accept this *Staff Response to March 28, 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

Nicole Mers #66766

Deputy Staff Counsel

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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 14th day of April, 2023.

/s/ Nicole Mers

Case No. ER-2024-0189

SCHEDULE SLKL-drr8

HAS BEEN DEEMED

CONFIDENTIAL

IN ITS ENTIRETY

**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.”

Evergny'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).”

Evergy'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

Nicole Mers #66766

Deputy Staff Counsel

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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

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

**EVERGY’S REPLY TO STAFF RESPONSE TO MAY 23, 2023
PRESENTATION AND REQUESTS FOR ADDITIONAL INFORMATION**

COMES NOW, Evergy Metro, Inc. d/b/a as Evergy Missouri Metro (“Evergy Missouri Metro”) and Evergy Missouri West, Inc. d/b/a Evergy Missouri West (“Evergy Missouri West”) (collectively, “Evergy” or the “Company”) submits its *Reply to Staff Response To May 23, 2023 Presentation and Requests for Additional Information* filed on June 8, 2023 (“Reply”) to the Missouri Public Service Commission (the “Commission”), and states as follows:

I. INTRODUCTION

On June 8, 2023, the Staff filed its *Response to May 23, 2023 Presentation and Request for Additional Information* (“Staff Response”). This pleading will reply to the Staff Response.

Evergy values the ongoing discussion and feedback with Staff and OPC as we work to finalize and launch our customer education campaign to offer a default Time of Use (“TOU”) rate and other TOU options. Considering the feedback provided during Workshop #1 and Workshop #2, Evergy is committed to using Staff and OPC’s feedback to enhance our customer awareness and education initiatives. Evergy appreciates the dialogue, which enables us to adapt the campaign where feasible and without jeopardizing the overall program implementation. .

II. REPLY TO STAFF AND OPC COMMENTS AND SUGGESTIONS

In this Reply, Evergy highlights several areas where the Company has made changes based on feedback from the workshops:

1. **Campaign Timeline Extension:** Taking into account the feedback from Staff and OPC, Evergy accelerated its customer education campaign by two months. As a result, the TOU customer education campaign now launches in June. We deemed it essential to align the launch of customer communications with the availability of key personalized customer tools, which were not available until June. Additionally, it is essential to ensure Evergy's contact center is adequately trained and staffed to accommodate an increase in customer inquiries.

2. **Rate Names:** In response to feedback from Staff and OPC, Evergy has modified the name of the default rate from "Seasonal Peak Saver" to "Standard Peak Saver." This change is in response to concerns expressed during Workshop #2 and aims to clarify which TOU rate is the new default plan while minimizing the emphasis on seasonal differentials. Although the Company holds a respectful difference of opinion regarding Staff's assessment that the rate names were shared without sufficient time for substantial feedback, Evergy views altering the rate name in response to Staff's input as a genuine commitment to actively engage in the discussion and incorporate their feedback.

The new rate names were developed after conducting customer research and analyzing industry comparisons. Evergy also incorporated best practices for naming based on research from ESource, a utility research organization. These best practices include emphasizing customer benefits through descriptive words or phrases, using customer-friendly terminology, employing simple language devoid of jargon, and highlighting potential cost savings. Evergy is confident that the Company's approach aligns with these best practices.

Furthermore, the rate names follow similar naming structures used by peer utilities, such as Ameren Missouri, which employs "Saver" for each of their residential TOU rates; Consumers Energy, which features a "Nighttime Savers" rate; WE Energy; which uses "savings"; and Georgia

Power and Alliant Energy, which utilizes the "Nights and Weekends" name description. Like these peer utilities, Evergy finds "Saver" to be an important element to the name that signals both a customer benefit and illustrates the need for customer action, such as the customer shifting usage to off-peak.

3. **Updating Overarching Campaign Message and Adding More "Why" to TOU**

Materials: During the two workshops and the Staff's May 23rd Response, there was discussion regarding the inclusion of more prominent messaging around the rationale behind the Commission's mandate to transition all rate plans to TOU - specifically emphasizing the significance of time-based energy usage and the price differentials at different times of the day. In response to this feedback, Evergy is adapting its campaign messaging to prioritize these "why" messages earlier in its campaign. While including a detailed explanation in every piece of educational material will not be feasible due to space limitations, the Company will make a concerted effort to incorporate more "why" statements across educational materials, starting with Phase 1.

Based on feedback from Staff and OPC, Evergy is including additional educational details within the messaging, enabling more detailed explanations. Evergy plans to incorporate information that highlights how the plans charge higher rates during peak times and lower rates during off-peak periods into our Phase 1 messaging, consistently reinforcing this message throughout the campaign.

Example:

Timing is everything when it comes to energy costs. Time-based rates match the cost you pay with the cost to produce energy. With time-based rate plans, you'll pay less for energy during off-peak times, when demand for energy is lower, and more for energy used during the peak hours of 4-8 pm.

4. **Prioritizing Education to Impacted Customers:** Evergy's campaign works to ensure that customers are aware of the pending conversion to a default TOU rate and that customers understand that the time of day is associated with the costs of a TOU rate, while also providing additional content and outreach to special customer groups, like those customers impacted by the removal of the space heat discount. As shared in Workshop #2, Evergy is providing additional outreach to these special customer groups to help support them as they learn to shift their usage.

5. **Rate Descriptions:** Evergy's approach, as recommended in Staff's response to Workshop #2, involves pairing rate names with descriptions and illustrations of rate periods wherever possible. This comprehensive information can be found prominently on our website and it will also be included in other educational materials, such as direct mail, the Rate Education Report, educational videos, and emails, whenever space allows.

6. **Rate Analysis Tool Description Wording:** During the review of the Rate Analysis Tool during Workshop #2, OPC requested additional language to highlight that not shifting energy usage outside of peak hours can result in increased costs. Evergy has collaborated with our software tool provider to include this language, ensuring that the tool not only emphasizes potential cost savings but also addresses the potential cost increase that results when usage is not shifted away from peak hours.

7. **Outreach to Food Pantries and Libraries:** As a result of stakeholder feedback, Evergy has expanded its community outreach plan to include food pantries, libraries, and other social service organizations that are connected to the community and can help extend the Company's reach to customers, especially hard to reach customers. The Company plans to provide training and materials related to the TOU transition to these organizations. Moreover, Evergy intends to organize events in collaboration with these groups during the summer and fall.

Evergy appreciates the continued feedback as it implements its comprehensive customer education plan regarding the new TOU rates. The Company remains committed to incorporating aspects of Staff and OPC's feedback into different phases of the education campaign as practical. Evergy will include examples of many of the items mentioned above in a future response to Staff and OPC feedback.

WHEREFORE, Evergy respectfully requests that the Commission consider its Reply to the Staff's May 23, 2023 pleading.

Respectfully submitted,

/s/ Roger W. Steiner

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**Attorneys for Evergy Missouri Metro and
Evergy Missouri West**

CERTIFICATE OF SERVICE

I hereby certify that a true and copy of the foregoing was emailed on this 23rd day of June 2023 to counsel for all parties.

/s/ Roger W. Steiner

Roger W. Steiner

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

NOTICE OF AGENDA PRESENTATION

COMES NOW, Evergy Metro, Inc. d/b/a as Evergy Missouri Metro (“Evergy Missouri Metro”) and Evergy Missouri West, Inc. d/b/a Evergy Missouri West (“Evergy Missouri West”) (collectively, “Evergy” or the “Company”) and submits its *Notice of Agenda Presentation* (“Notice”) to the Missouri Public Service Commission (the “Commission”), and states as follows:

1. On August 10, 2023, during the Commission’s scheduled weekly agenda session, the Company presented an update on mandatory residential customer Time-of-Use (“TOU”) implementation.
2. A copy of the Company’s presentation is attached hereto as **Exhibit A**.
3. Additionally, as referenced in *Evergy’s Response to Staff’s Request for Additionally Information* (“Response”) filed in this docket on August 1, 2023, attached as **Exhibit B** is a monthly report as described¹ to Staff (“Staff”) for the Commission in the Company’s response, which fulfills that commitment for July 2023.
4. Finally, operational metrics discussed by the Company at yesterday’s (August 10th) agenda meeting will be submitted separately on a weekly basis, per Commission request. The next weekly report will be submitted separately next week.

¹ See, *Response*, p. 1.

WHEREFORE, The Company submits the above-referenced presentation to the Commission.

Respectfully submitted,

/s/ Roger W. Steiner

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**Attorneys for Evergy Missouri Metro and
Evergy Missouri West**

CERTIFICATE OF SERVICE

I hereby certify that a true and copy of the foregoing was emailed on this 11th day of August 2023 to counsel for all parties.

/s/ Roger W. Steiner

Roger W. Steiner



Evergy Mandatory Residential Customer TOU Implementation

*Missouri Public Service Commission Update
August 10, 2023*





Agenda

- Rate Change Analysis
- Executive Summary & Campaign Performance
- Education Campaign Detail
- Customer Engagement and Sentiment
- Cost Tracking

Mandatory TOU Rate Change Analysis





Rate Change Analysis Overview

Evergy engaged the Oracle to construct an online tool that would allow customers explore the different time-of-use (TOU) rate options resulting from the rate case orders for Evergy Missouri Metro and West and choose the rate option best suited to their usage profile.

This tool was also used by Oracle to analyze how the mandated change to TOU rates will impact Missouri residential customers. The analysis was used to answer questions like:

- How many customers are likely to experience annual savings in their bills?
- How much are the potential savings? What rate option is the most likely to experience the most significant savings?
- How many customers are likely to experience annual an increase in their bills?
- How much are the potential increases? Which customers and rate options are the most likely to experience significant increases in the bill?

The following methodology was used in the analysis:

- Used each customer's previous 9-12 bill periods of usage data (June 2022 – May 2023).
- Calculated cost of each bill using each of the new rates customer is eligible for, to see changes in bill cost compared to their existing rate.
- Weather was not normalized and no behavioral, structural or demand changes were employed.
- Approximately 498k of the 555k residential customers in Evergy Missouri Metro and West were analyzed. Customers with less than 9 months of usage data; solar subscription, net metering, parallel generation, non-AMI customers were excluded from the analysis.



Oracle Rate Change Analysis Key Findings

- Majority of the customers will either save or see little change in their bills annually as a result of the rate change to the default TOU rate (1RTOU2/MORT2).
- Customers on the space heating rate (1RS6A/MORH) will be affected to most where 3 in 4 customers will see an annual increase in their bills.
- Using a “best available rate” approach, 3 in 5 customers on space heating rate will still see some increase in their bills, but a smaller increase when compared to opting all customer to the TOU default rate.
- Switching customers to the Peak Reward Saver rate (1RPKA/MORPA) instead of the default TOU rate will increase the overall number of customers that will see annual bill savings.
 - At an individual level, customers that are going to experience a bill increases under the default TOU rate change will more likely see smaller increases under the Peak Reward Saver rate.
 - Conversely, customers that are going to experience a bill savings under the TOU default rate will more likely see less savings under the Peak Reward Saver rate.



Customer Default Rate Changes

Customers will have the option to choose from one of five different TOU rate options. Those who do not pre-enroll by proactively selecting a new rate will be defaulted into a TOU rate.

Current Rate	New Default Rate Tariff Name	New Default Rate Marketing Name	New Default Rate Code
Current TOU customers	Stay on current selected rate	Nights & Weekends Saver	1RTOU & MORT
Net Meter, Solar Subscription, Low Income Solar, Parallel Gen	Residential Peak Adjustment	Peak Reward Saver	1RPKA & MORPA
All Other Rates (General, Residential Heat, Separately Metered Heat, Other)	Two Part TOU	Standard Peak Saver	1RTOU2 & MORT2
Non-AMI Meters	Stay on current rate		



Annual Bill Changes: Default to Standard Peak Saver (1RTOU2/MORT2)

- Majority of customers will either see little change or save annually by change to the default Standard Peak Saver rate (1RTOU2/MORT2)
 - Metro: 89%
 - West: 91%

% change	Metro (228K)	West (270K)
±5% (little to no change)	53%	56%
5-10% (some savings)	26%	25%
10%+ (significant savings)	10%	10%

Table A1 - Annual bill change percentage by proportion of customers



Annual Bill Changes: Default to Standard Peak Saver (1RTOU2/MORT2)

- Customers with All-Electric rate plans (1RS6A/MORH) will be impacted most by higher bills

	Metro		West	
	All (228K)	1RS6A (55K)	All (270K)	MORH (104K)
Bill increase	33%	73%	20%	43%
No change	1%	2%	1%	~0%
Bill decrease	66%	25%	79%	57%

Table A2 - Annual bill changes by proportion of customers



Annual Bill Changes: Default to Standard Peak Saver 1RTOU2/MORT2

- Customers currently on All-Electric rate plans (1RS6A/MORH) will be impacted most by higher bills

	Metro		West	
	All (228K)	1RS6A (55K)	All (270K)	MORH (104K)
Median annual increase	\$48	\$47	\$80	\$117
Total annual increase	\$6.5M	\$3.8M	\$7.6M	\$7.5M
Median annual savings	\$48	\$11	\$54	\$57
Total annual savings	\$8.6M	\$224K	\$13.5M	\$3.8M

Table A3 - Annual bill changes by cost

Best Available Rates

- Most customer’s best rate is Nights & Weekends Max Saver (1RTOU3/MORT3)

	Metro			West		
Current Rate	1RTOU2	1RTOU3	1RPKA	MORT2	MORT3	MORPA
1RS1A/MORG	38%	45%	17%	26%	58%	16%
1RS6A/MORH	28%	42%	30%	16%	66%	18%
1RTOU/MORT	23%	70%	7%	16%	78%	6%

Table A4 – “Best” rate distribution by current rate

Best Available Rates

- Most customers currently on the Standard Tier Plan (1RS1A/MORG) or Nights & Weekends Saver (1RTOU/MORT) will not be adversely affected by the upcoming rate change

	Metro			West		
	1RS1A	1RS6A	1RTOU	MORG	MORH	MORT
Bill increase	~0%	60%	0%	~0%	34%	~0%
No change	1%	2%	0%	1%	1%	0%
Bill decrease	99%	38%	100%	99%	65%	100%

Table A5 - Annual bill changes by proportion of customers using best available rate



Rate change comparison for customers on All-Electric Plan (space heating rate)

- Customers on the All-Electric Plan (1RS6A/MORH) will still see some bill increase after switch to the best available rate

	Metro		West	
	1RTOU2	"Best" available	MORT2	"Best" available
% customers with bill increase	~73%	~60%	~43%	~34%
Median annual increase per customer	\$47	\$25	\$117	\$93
Total annual increase	\$3.8M	\$1.0M	\$7.5M	\$4.7M

Table A6 – Rate update comparison (All-Electric/space heating rate customers)



Annual Bill Changes: Update to Peak Reward Saver (1RPKA/MORPA)

- More customers will see bill decreases under the Peak Reward Saver rate plan (1RPKA/MORPA) compared to the default Standard Peak Saver rate plan (1RTOU2/MORT2)

	Metro		West	
	Peak Reward Saver	Standard Reward Saver	Peak Reward Saver	Standard Reward Saver
Bill increase	25%	33%	19%	20%
No change	1.5%	1%	1%	1%
Bill decrease	73.5%	66%	80%	79%

Table A7 - Annual bill changes comparison between Peak Reward Saver and default TOU



Annual Bill Changes: Update to Peak Reward Saver (1RPKA/MORPA)

- Customers will experience small bill increases, but also less savings at an individual level

	Metro		West	
	Peak Reward Saver	Standard Reward Saver	Peak Reward Saver	Standard Reward Saver
Median annual increase	\$43	\$48	\$86	\$80
Total annual increase	\$2.5M	\$6.5M	\$6.5M	\$7.6M
Median annual savings	\$12	\$48	\$28	\$54
Total annual savings	\$3.0M	\$8.6M	\$8.7M	\$13.5M

Table A8 - Annual bill changes by cost: Peak Reward Saver rate vs default TOU



Executive Summary and Campaign Performance



Executive Summary

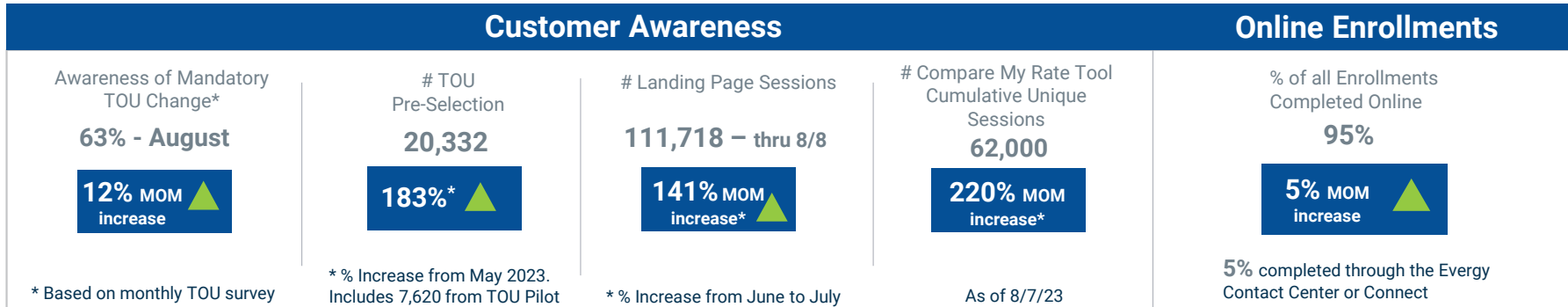
Current Findings:

- The campaign's Phase 1 efforts exceeded expectations with a 24-point gain in overall TOU awareness within a single month, setting a solid foundation for Phase 2.
- Initial Phase 2 indicators are promising, with the first few weeks seeing a surge in pre-enrollments and tool engagement.
- While awareness, tool engagement and pre-enrollment rates are tracking already higher than target, customer sentiment is negative due to mandatory requirement.

Future Outlook:

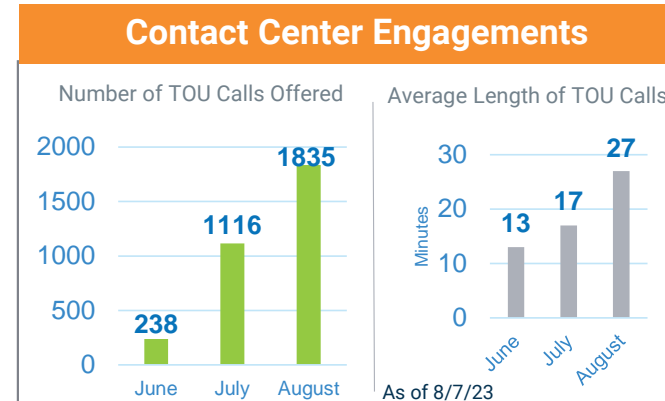
- Anticipate continued growth in TOU awareness, education, tools engagement and enrollments as Phase 2 progresses.
- Continued focus on education and understanding, online tools, and customer support in Phase 2.
- Monitor customer feedback and adapt communications and messages accordingly.
- Continue to refine and optimize the campaign's impact to respond to negative customer sentiment resulting from the mandatory requirement.

TOU Campaign Dashboard



Rate Plan Name	Total Enrollments	% of Enrollments
Standard Peak Saver	5,380	26%
Peak Reward Saver	4,453	22%
Nights & Weekends Saver	*8,034	40%
Nights & Weekends Max Saver	2,465	12%
Total	20,332	As of 8/8/23

*Inclusive of pre-existing enrollments



Education Campaign





Education and Awareness Strategy

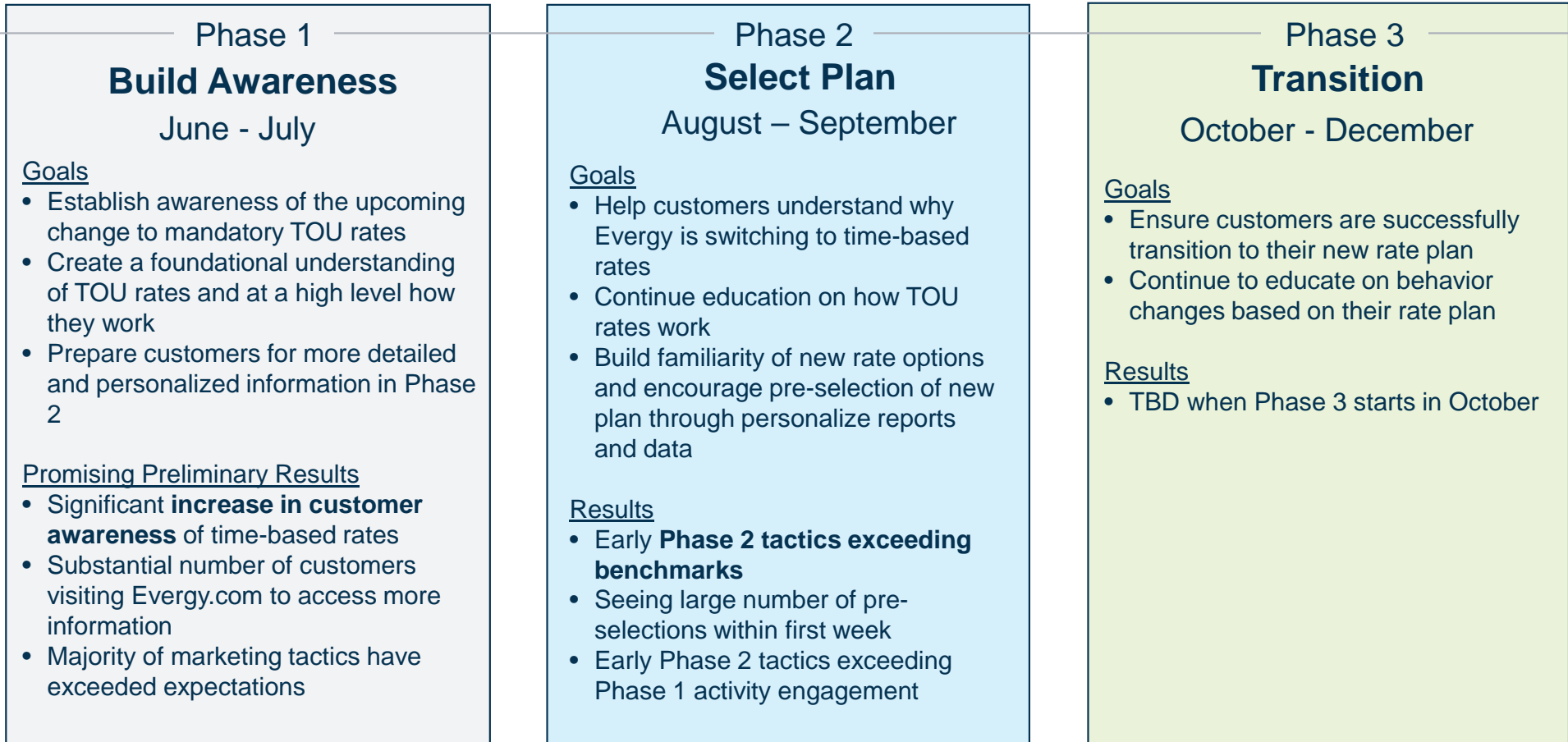
Strategy Overview: Use a phased approach, that incorporates both mass awareness and direct marketing tactics, to move a customer from awareness to action and then finally to transition and success.

Campaign Phase	Objective	Message Idea	Tactic Type
Phase 1 Awareness & Education June 15 th – Nov. 30 th , 2023	Inform customers that Missouri is changing rate structures soon and educate them on how TOU rates work.	Missouri will be changing electric rate structures starting this Fall. Learn how to prepare.	Mass Awareness
Phase 2 Action & Preparation Aug. 1 st – Nov. 30 th , 2023	Prepare customers for the upcoming change, inform them of their rate options & how they work, and encourage pre-selection of a rate.	As Missouri moves to TOU rates, Evergy is offering new personal power plans. Learn about your plan options and select a plan before October.	Mass Awareness and Direct
Phase 3 Transition & Coaching Oct. 1 st – Dec. 31 st , 2023	Ensure customers know they will be defaulted into a new rate and provide coaching to help them be successful on the new plan.	Your rate will change on X date. We are here to support your transition to TOU.	Direct
Phase 4 Success & Coaching Jan. 1 st – April 30 th , 2024	Help customers understand how their rate works and encourage shifting usage to off-peak times.	Your new rate allows you to save money by shifting to off-peak times. Here are tips and tricks to help you save.	Direct
Phase 5 Summer Prep & Coaching May 1 st – Sept. 30 th , 2024	Prepare customers for the change in summer pricing and provide tools, tips, and resources to avoid summer peak usage.	Prices change in the summer, start preparing your home and family to avoid high usage during the summer.	Mass Awareness and Direct



Campaign Producing Strong Results

- Making progress through phased approach





Phase 1 Campaign Recap

Mid-June – July

Objective:

Inform customers that Missouri is changing rate structures soon and educate them on how TOU rates work. Focused on **building awareness of the upcoming change** through mass communication channels.

Phase 1 Goals:

- Provide customers with a high-level understanding of the upcoming change
- Establish foundational understanding of TOU to prepare customers for more detailed information in Phase 2

Results and Highlights (June to July):

Promising preliminary results:

- **Significant increase in customer awareness of time-based** rates and the impending change
- **Substantial number of customers visiting Evergy.com to access more information**, compare their rates, and select a time-based rate plan
 - TOU Landing Page
 - Over 85K sessions to the TOU landing page since June
 - Average of +3 minutes on TOU landing page (Evergy average is ~1 minute)
- **Majority of marketing tactics have exceeded expectations and benchmarks** in driving traffic to Evergy.com, particularly non-digital methods

Exhibit A - Page 21 of 43

Missouri is moving to time-based rate plans this fall.

This summer we will provide you with additional details about the change and how to pick an Evergy time-based rate plan that best fits your household. Watch for more information by mail and email soon.

Learn more at evergy.com/TimePlans

Why is Missouri changing to time-based rates?

Timing is everything when it comes to energy costs. By switching to time-based rates, Missouri is working to match the cost you pay with the actual cost to produce energy. With time-based rate plans, you'll pay less for energy during off-peak times, when demand for energy is lower, and more for energy used during the peak hours of 4-8pm.

Watch for more information by mail and email soon.

Learn more and review your new plan options at evergy.com/TimePlans

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Top Marketing Tactic	TOU Page Sessions
Paid Social	23,603
Digital Display Ads	17,072
Paid Search	11,072
Media Relations	4,441
Evergy Homepage	7,004
Billboards	1,132
Bill Message	1,387
Newspaper Ads	302
Bill Inserts	648
Other/Organic Search	18,372

*Website traffic from select Phase 1 educational tactics from June 1 – July 31, 2023



Marketing Channel Results

Phase 1 (June – July only)

- Phase 1 tactics drew significant engagement to website landing page
- Many digital and don-digital tactics beating benchmarks, customers are using URLs on non-digital items, such as billboards
- Low website bounce rates indicates customers are reading content and click to learn more

Channel Performance							
Tactic	Impressions To Date	Goal #1	Result	Benchmark	Goal #2	Result	Benchmark
Bill Message/Insert	730,000	General Awareness	N/A	N/A	URL Visits	842	1500 site visits by 10/1
Billboards	79,536,765	General Awareness	N/A	N/A	URL Visits	915	1000 site visits by 10/1
Digital Display	4,317,223	Click-Through Rate	0.12%	0.09%	Cost Per Click	\$1.95	\$5.60
Digital Video	N/A	Video Completion Rate	N/A	41.0%	Click-Through Rate	N/A	0.02%
Direct Mail	N/A	General Awareness	N/A	N/A	URL Visits	N/A	
Email	N/A	Open Rate	N/A	20%	Click Through Rate	N/A	5%
Events	N/A	# of Events	5	60 events by 12/1	# Customer Reached	910	5000 customer by 12/1
High Impact Display	N/A	Click-Through Rate	N/A	1.50%	Engagement Rate	N/A	10.0%
Media Relations	2,072,000	Story Sentiment	92%	80% Neutral or Positive	Message Pull Through	23 out of 23	At least 1 key message
Newspaper & Church Ads	236,762	General Awareness	N/A	N/A	URL Visits	531	800 site visits by 10/1
Paid Search	29,602	Click-Through Rate	39.70%	28.0%	Cost Per Click	\$0.75	\$1.73
Paid Social	430,638	Click-Through Rate	22.01%	2.59%	Engagement Rate	6.51%	10.3%
Radio & Streaming Audio	N/A	General Awareness	N/A	N/A	URL Visits	N/A	500 site visits by 10/1

* Greyed out tactics are not yet in-field

Phase 2 Summary

Launched in August

Objective:

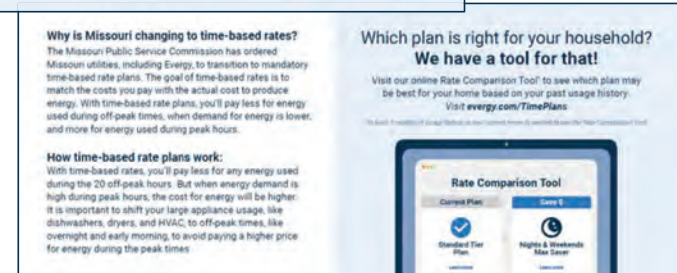
Prepare customers for the upcoming change, inform them of their rate options & how they work, and **encourage pre-selection of a rate**. We will use more 1:1 personalized communication tactics such as direct mail and email.

Phase 2 Goals:

- Help customers understand the ‘why’ of time-based rates and inform them of 4 new rate plan options
- Encourage customers to pre-select a new rate plan and use the Rate Comparison tool
- Leverage more informational and direct tactics
- Focus on special groups like: Seniors, Income Eligible, Electric Space Heat, Net Metering

Early Highlights (Phase 2 just launched):

- Early Phase 2 tactics, emails and postcard, are beating engagement benchmarks
- Seeing large number of pre-selections within first week
- Week 1 of Phase 2 shows us exceeding Phase 1 activity in key tactics: enrollments, web sessions, and contact center calls. Over 45,000 campaign landing page visits in first week of Phase 2.



Early Phase 2 Tactics	Site Sessions*
Postcard	10,827
Email	9,016
Bill Insert	638

*Website traffic from select Phase 2 educational tactics from August 1 – August 8, 2023, which is the first week of Phase 2. All tactics are still performing and launching.

Rate Education Reports

- **Goal:** Demonstrate financial impact of rate transition and present options, drive enrollments
- **Tactic:** Send a digital Rate Education Report to eligible residential customers with an email and a print report to every home.
- **Timing:**
 - Send 1 – August 17-August 31, 2023
 - Send 2 – Q1 2024

Division	Print	Email*
MO Metro	200,419	120,000
MO West	226,687	136,000
MO Total	427,106	256,000

24 *Email metrics are estimates, 60% of print

evergy
Rate Education Report
March 21, 2023
Account number X020001

PO, Box 418079, Kansas City, MO 64141

Use this shortcut to choose your new rate plan! Scan the QR code.

Choose a rate plan that works for your household

Missouri is changing how electric rate plans work to match the cost you pay with the actual cost to produce energy—and Evergy has responded with four new time-based rate plans for you to choose from. The good news is that you're estimated to save with the default Standard Peak Saver plan, which takes effect in **Month 2023**. Want to start saving sooner? Switch to the Standard Peak Saver plan now!

Learn more and select your new rate plan at evergy.com/PlanDetails.

Make your selection today
If you don't select a new plan, you'll be enrolled in Standard Peak Saver starting **Month 2023**.

Standard Peak
No Peak pricing for 8 months of the year

To save, shift your energy use away from weekday Peak hours in the summer (June – Sept.).

Peak Reward
Earn discount credits

Keep your electricity use low during Peak hours, and earn discount credits by using large appliances during Super Saver hours.

Nights & Weekends
Lower overnight prices

To save, schedule your smart thermostat and large appliances to run during Saver and Super Saver hours.

Nights & Weekends Max
Lowest overnight prices!

To save, change your TV overnight and set your large appliances to run during Super Saver hours.

How do rate plans compare?

Estimated average monthly cost per plan (based on your historical usage)

Standard Peak	Peak Reward	Nights & Weekends	Nights & Weekends Max	Current Plan (discontinued)
\$200	\$150	\$120	\$100	\$180

Turn over to learn more →

can time-based plans work for you?

actions go a long way when it comes to shifting your energy use from Peak hours. You'll save energy and money—while lessening the strain on the grid for everyone. Take simple steps like delaying running appliances such as your dryer and dishwasher until Saver hours. It's a great way to save by using a smart thermostat to automate your heating and cooling systems to run less frequently during Peak hours.

time should your household use energy based on new plans?

To make the most of your plan, do your best to make a habit of shifting energy use away from Peak hours (4 to 8 pm). See below for a breakdown of each rate plan's hours so you can find the one that works for your household.

Plan	Hours	Cost Difference
Standard Peak	12am - 11pm (Peak hours 4pm - 8pm)	\$4 more
Peak Reward	12am - 8am (Saver hours 4pm - 8pm)	saving change
Nights & Weekends	12am - 6am (Peak hours on holidays and weekends)	\$6 more
Nights & Weekends Max	12am - 6am (Peak hours on holidays and weekends)	\$20 more

Choose your new plan today!

Use this digital shortcut to choose your new plan today. Scan QR code.
Or call 1-800-541-0467.

Learn more and select your new plan at evergy.com/PlanDetails.

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High Value and High Costs Tactics

Direct Mail Considerations

One of the key tactics for Phases 2 and 3 will be the use of 1:1 communications, including direct mail. Direct mail allows for more precise targeting, gives us more space to communicate a message, and allows us to reach non-digital and variable customer groups.

Do more but spend less feedback

- Staff and OPC have expressed the need and desire to reach non-digital, seniors, income constrained, and space heating customers, and do more communication overall, but also continue to question overall spend.
- Cost for one direct mail send to all MO residential customers is ~\$180k

Planned Tactics	Estimated total printing, mailing and postage costs
All Customer Postcards x2-3	\$230,000 – \$360,000
Special Group Letters	\$200,000 – \$300,000
Rate Education Report Paper Send	\$1,000,000-1,500,000
Bill Inserts	\$60,000 – \$100,000
Total Estimated Print, Mail and Postage	\$1,490,000 - \$2,460,000



Campaign Adjustments Based on Staff and OPC Input

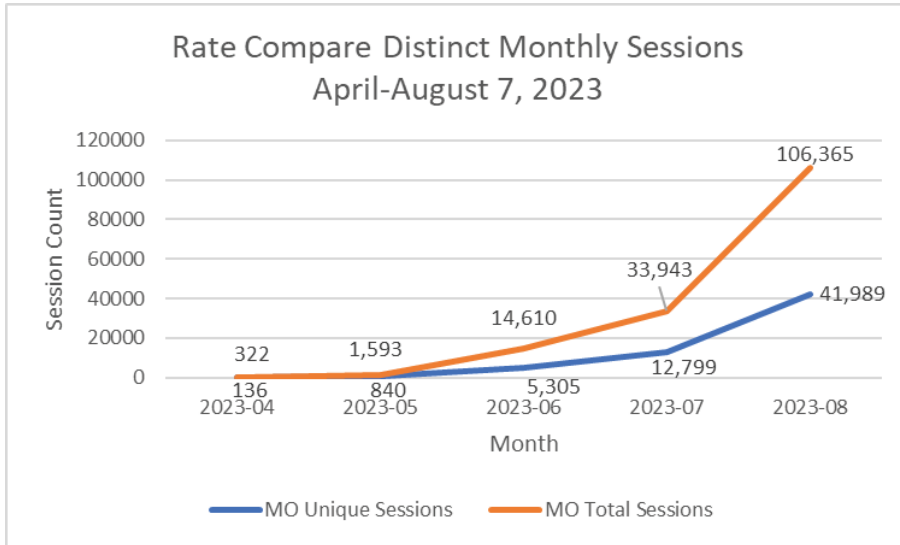
Examples of adjustments made to campaign based on Staff and OPC feedback

1. **Campaign Timeline:** Accelerated customer education campaign by two months
2. **Rate Plan Names:** Modified the name of the default rate from "Seasonal Peak Saver" to "Standard Peak Saver"
3. **Campaign Message and Why:** Adapted campaign messaging to prioritize the "why" messages and incorporate detailed information that highlights how the time-based plans charge higher prices during peak times and lower rates during off-peak periods, and the why supporting that, earlier in the campaign
4. **Outreach to Food Pantries and Libraries:** Expanded community outreach plan to include food pantries, libraries, and other social service organizations
5. **Copy changes to tools and descriptions:** Collaborated with our software tool provider to update language, ensuring that the tool not only emphasizes potential bill savings but also addresses the potential bill increase
6. **Increased focus on space heat:** Included additional outreach and tactics in Phases 3-5 for electric space heating customers
7. **Video and Graphics:** Developed additional graphics and are in the process of developing multiple educational videos

Customer Engagement and Sentiment



Compare My Rate Online Tool



- MO engagement has grown **330x** since April 2023
- **60k** Rate Compare views on 8/2 alone, resulting from first Phase 2 email send,
- Unique users represents nearly **20%** of MO residential customers with an online account

Your lowest cost rate plan
Based on your electricity use history, you'll save the most on the **Nights & Weekends Max Saver** rate plan.

Your Current Rate

Tier Plan

Ideal for: Those who want to monitor overall energy use

Highest price: Summer. When you reach the third tier

Savings tip: Actively monitor all the ways you use energy

\$1,120
Estimated cost per 10 months

[Learn More](#)

Lowest Cost | Save \$145

Nights & Weekends Max Saver

Savings Level: More effort and more flexibility needed

Who's it for: EV Drivers or Flexible Energy Users

Tip: Schedule your EV charger and large appliances to start overnight

\$975
Estimated cost per 10 months

[Learn More](#)

[Change My Plan](#)



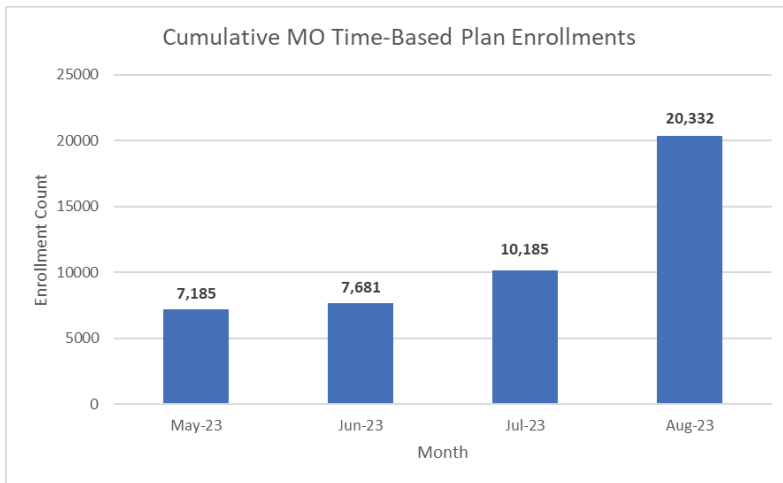
Shifting your energy habits can lower your costs. Not shifting may increase them.

Answer a few questions about your energy habits to see how your costs change.

[Use Our Rate Simulator](#)



Enrollments



Note: May data reflects pre-existing enrollments

- **4%** of Evergy MO residential customer base now enrolled in a time-based plan
- Increased time-based rate enrollments nearly **2.5x** since May 2023
- **1,300** additional pending enrollments as of 8/8/2023
- **95%** of customers enrolled online

Select Your Rate Plan



All Electric Plan *(your current plan)*

Our All Electric Plan, which is going away in Fall 2023, is ideally suited for customers who heat their home using electricity rather than other fuel sources, like gas. If you use electric heat or a heat pump to warm your home, this plan's eight-month winter discount may be the best choice for you. [Learn More](#)



Standard Peak Saver

New default residential rate

This is the new standard rate plan for residential customers. All residential customers who do not proactively select a plan will be defaulted into this plan by December. It features 2 time periods in the summer (peak and off-peak) and 2 time periods in non-summer months (off-peak and super off-peak).

To avoid paying a higher price for energy during the summer peak period, it will be important to shift energy usage to mornings, overnight, or weekends in the summer. The peak price occurs only during the summer months and is roughly 4x times as much as the off-peak rate. [Learn More](#)

Select Plan



Peak Reward Saver

Closest to the current standard residential rate, with the lowest rate difference between time periods
This rate is the closest to Evergy's current standard residential rate and has the lowest difference in price between peak hours of 4-8 pm, and off-peak hours. This rate is not seasonal and applies all year. Customers who are not able to easily shift the time they use energy should consider this rate plan.

Customers get a set rate most of the day, plus earn bill discount credits for electricity used overnight. This plan has a small increase in price from 4-8 pm on energy every day, so minimizing heavy energy usage during on-peak time period, will help reduce your bill. [Learn More](#)

Select Plan



Nights & Weekends Saver

Three time periods with different prices, overnight and weekend discount
Designed with budget or sustainability-focused energy users in mind, this plan offers a lower energy price overnight and during the day but also has a higher energy price during peak hours. To avoid an increase in your bill, work to shift your large appliance usage away from 4-8 pm.

There are no peak hours during the weekends or holidays. [Learn More](#)

Select Plan



Nights & Weekends Max Saver

Three time periods with different prices, with the highest difference in prices between time periods and overnight weekend discounts
Designed with EV drivers in mind, this plan offers a very low energy price overnight but also has the highest cost for energy during the weekday peak hours of 4-8 pm. If you can avoid the peak hours and shift usage of your large appliances to overnight, you can save money.

There are no peak times during the weekends and holidays. [Learn More](#)

Select Plan



Contact Center and Feedback

Call Center Preparation

Team of up to 30 TOU contingent CSRs

- First class of contingent CSRs taking TOU calls
- All regular CSRs can and are taking TOU calls

IVA Call Management

- Two call paths for customer
 - Dedicated TOU Phone Number
 - Main Contact Center Phone Number
- Dedicated TOU Skill Queue
- Call Back functionality

Results

Since entering Phase 2 of the education campaign in August:

- Phase 1: saw uptick in calls, with more informational questions
- Phase 2: an average of over 250 TOU calls per day, helping customer pick a rate and educational focus

Month	TOU Calls Offered	Avg TOU Duration	Avg All Calls Duration
June	238	13:01	7:01
July	1116	16:58	6:13
August	1835	26:54	7:08

Customer Feedback Examples

“Give us lower rates all year long. I do everything to cut cost. I use most 4 to 8 pm cooking supper and it honestly part of Days” – July 29

“Good explanation of rate plan choices, good coaching.” – July 21

“I am upset with your new energy rate hike during the hours of 4-8 pm. That is the time people get home from work. In our case, when the sun is setting in the west our house is the hottest. If you are allowed to raise my rates like this I should have the option of choosing which electric company deserves my business.” – July 10

“The only reason I like evergy is now gone with these time based rates that is exactly what the rest of these companies already do and that makes it so much harder on low income families. So disappointing.” – July 7



July Online Customer Survey Findings

Awareness of Evergy offering new time-based rate plans saw significant increase in the first month of the campaign and continues to increase significantly in August.

Question	Finding
Q: Have you seen or heard anything recently about Evergy offering new rate plan options to customers?	In July, 73% of survey respondents said they have seen or heard something about Evergy's new rate plans. That is a <u>24% increase</u> from our baseline survey in June.
Q: Before today, have you ever heard of Evergy's time-based rate plan? This would be a rate plan where the cost of electricity will vary based on the time of day you use it.	Two-thirds (67%) of customers were aware of Evergy's time-based rate plans prior to the July survey, <u>a 13% increase from the June</u> baseline survey.
Q: Before today, were you aware that your cost of electricity will vary based on the time of day that you use it by the end of 2023?	Over half (59%) are aware that the time-based rates will go into effect by the end of 2023. That is an increase <u>of 21% from June</u> <u>baseline</u> survey.
Q: For which, if any of the following reasons do you believe Evergy is switching customers to time-based rate plans?	Customers feel time-based rates benefit Evergy more than customers, but almost one-third (31%) understand that it is the MPSC requiring the change.

Cost Tracking





Total Implementation Cost for TOU

Education & Outreach Plus System & Technology Changes – AAO & Capex

Cost Category	Original Estimate	Actuals through June 2023	Projected	Variance (U)/F
Education & Outreach	\$12.0	\$3.5	\$12.0	\$0.0
System & Technology Changes	7.1	3.2	7.1	0.0
Total	\$19.1	\$6.7	\$19.1	\$0.0

- Expenses incurred through June 30, 2023, in millions. Quarterly cost report will be filed end of August 2023.
- Implementation cost timeline is ~12-18 months from January 2023.

Key Takeaways



Executive Summary

Current Findings:

- The campaign's Phase 1 efforts exceeded expectations with a 24-point gain in overall TOU awareness within a single month, setting a solid foundation for Phase 2.
- Initial Phase 2 indicators are promising, with the first few weeks seeing a surge in pre-enrollments and tool engagement.
- While awareness, tool engagement and pre-enrollment rates are tracking already higher than target, customer sentiment is negative due to mandatory requirement.

Future Outlook:

- Anticipate continued growth in TOU awareness, education, tools engagement and enrollments as Phase 2 progresses.
- Continued focus on education and understanding, online tools, and customer support in Phase 2.
- Monitor customer feedback and adapt communications and messages accordingly.
- Continue to refine and optimize the campaign's impact to respond to negative customer sentiment resulting from the mandatory requirement.

Appendix



Glossary of Terms

- Awareness: degree to which target audience recognizes a brand, product, or service
- Impressions: the number of times an audience is exposed to content
- Click-Through-Rate (CTR): ratio of clicks on content divided by the number of impressions served
- Engagement Rate: total number of actions taken on social ads (likes, shares, comments) divided by the number of impressions served)
- Cost-Per-Click (CPC): cost of media divided by the clicks on content
- URL Visits: clicks that result in a session on a landing page
- Message Pull Through: key messages per release in earned media coverage



Available Missouri Residential Customer TOU Rates

RATE CODES	TARIFF NAME	MARKETING NAME
1RTOU2 & MORT2	Residential Time of Use Two Period	Standard Peak Saver
1RPKA & MORPA	Residential Peak Adjustment	Peak Reward Saver
1RTOU & MORT	Residential Time of Use Three Period	Nights & Weekends Saver
1RTOU3 & MORT3	Residential High Differential Time of Use	Nights & Weekends Max Saver
1RTOU-EV & MORT-EV	Separately Metered Electric Time of Use	EV Only Plan



Missouri Residential Rate Summary

Evergy Missouri Metro																			
		Current Block Rate						Standard Peak Saver		Nights & Weekends Saver		Nights & Weekends Max Saver		Peak Reward Saver					
		Current Block Rate						2-Period TOU		3-Period TOU		High Differential TOU		Peak Adjustment Rate					
		Summer			Winter			Summer	Winter	Summer	Winter	Summer	Winter	Summer			Winter		
Period Name	Time Period	First 600kWh	Next 400kWh	Over 1000kWh	First 600kWh	Next 400kWh	Over 1000kWh							First 600kWh	Next 400kWh	Over 1000kWh	First 600kWh	Next 400kWh	Over 1000kWh
Peak	4pm - 8pm	14.05	14.05	15.52	12.50	7.69	6.82	38.33	11.31	33.80	27.64	35.88	27.31	15.09	15.09	16.09	12.48	7.78	6.93
Off Peak	All other hours	14.05	14.05	15.52	12.50	7.69	6.82	9.58		11.27	10.84	11.96	9.10	14.09	14.09	15.09	12.23	7.53	6.68
Super Off-Peak	12am - 6am	14.05	14.05	15.52	12.50	7.69	6.82			5.66	5.63	4.68	2.99	2.28	13.09	13.09	14.09	11.23	6.53

Evergy Missouri West																			
		Current Block Rate						Standard Peak Saver		Nights & Weekends Saver		Nights & Weekends Max Saver		Peak Reward Saver					
		Current Block Rate						2-Period TOU		3-Period TOU		High Differential TOU		Peak Adjustment Rate					
		Summer			Winter			Summer	Winter	Summer	Winter	Summer	Winter	Summer			Winter		
Period Name	Time Period	First 600kWh	Next 400kWh	Over 1000kWh	First 600kWh	Next 400kWh	Over 1000kWh							First 600kWh	Next 400kWh	Over 1000kWh	First 600kWh	Next 400kWh	Over 1000kWh
Peak	4pm - 8pm	11.58	11.58	12.62	10.47	8.26	8.26	32.41	9.47	28.13	22.89	26.54	20.30	12.83	12.83	13.83	10.03	7.97	7.97
Off Peak	All other hours	11.58	11.58	12.62	10.47	8.26	8.26	8.10		9.38	9.24	10.62	8.12	11.83	11.83	12.83	9.78	7.72	7.72
Super Off-Peak	12am - 6am	11.58	11.58	12.62	10.47	8.26	8.26			4.73	4.69	3.88	2.65	2.03	10.83	10.83	11.83	8.78	6.72



Customer Sentiment - Positive

Evergy has received significant customer feedback through our IVA, call center, website and monthly surveys. It has been a mix of positive and negative; however, the majority have expressed negative sentiment. The following pages are examples:

- "I got great news on my rates, and what my cost per kwh." - July 7
- "I wanted to learn about the special rate programs and the person I spoke with explained everything very clearly and told me what to do to save energy." – July 22
- "Fast response times and easy to find rate plan changes." – July 30
- "Give us lower rates all year long. I do everything to cut cost. I use most 4 to 8 pm cooking supper and it honestly part of Days" – July 29
- "Good explanation of rate plan choices, good coaching." – July 21



Customer Sentiment - Negative

- “Your change for Missouri rates sucks” – July 5
- “We are unhappy about the new rate change plan. It penalizes working families and people who need to cook dinner, use the internet for homework or work, who use fans to keep the air cooler between 4-8 pm, seniors, disabled and poor people who need electricity for medical equipment, etc. I would prefer to see a plan that allows for these situations. Thank you.” – July 3
- “Contact State commission, better justification for future rate hikes. Demand accountable for Corporate expenses that are wasted.” – July 15
- “this new rate thing IS BULL ****- you want me to use less engey when its he hottest out. thats ***** stupid how about you penalize ppl that go over. or crank there thermastat down to like 50?” – July 12
- “I'm trying to figure out which of your new rate programs is going to screw me the least , because I'm a Disabled Veteran on a FIXED INCOME . Your new way to charge sounds just like Texas Electric company.” – July 12



Customer Sentiment - Negative

- “Nothing changed about your plan to rate hike in Oct during peak hours, so what is us seniors and the others that live here who are disabled, I guess we turn off AC and or Heat for 4 hours to please Biden” – July 7
- “You are trying to fool the public! That tier system is nothing but a rate increase.” – July 31
- “I question the new rate program announced which is nothing more than an unjust, overall rate hike. Such actions will result in many individuals having to sacrifice in other budget areas in order to have “Evergy”, the only energy choice. I would hope the proposal is not put in place.” - July 8
- “If it is not clear, the new plans I am forced to contemplate do nothing to help me find a good program for me. I use very little electricity, i’m comparison to other customers, but because I live in a rented apartment, I have little to control over our antiquated heating and cooling. juxtapose this with the rate plan options and there is not a good plan for me. in the past when I have tried to switch plans to get the true cheapest option the evergy rep said I could not do that because it would cost evergy money. shameful.” – July 12



Customer Sentiment - Negative


- “I am upset with your new energy rate hike during the hours of 4-8 pm. That is the time people get home from work. In our case, when the sun is setting in the west our house is the hottest. If you are allowed to raise my rates like this I should have the option of choosing which electric company deserves my business.” – July 10
- “The only reason I like evergy is now gone with these time based rates that is exactly what the rest of these companies already do and that makes it so much harder on low income families. So disappointing.” – July 7
- “Regarding "embracing" the new rate changes. I'm sure the only thing I will be embracing is a new higher energy bill. Yes, all customers should sweat in the darkness of their home between 4 and 8 pm when it is 100 F outside. That's going to be the new "Evergy Experience." – July 7



Evergy TOU Monthly Report

July 2023



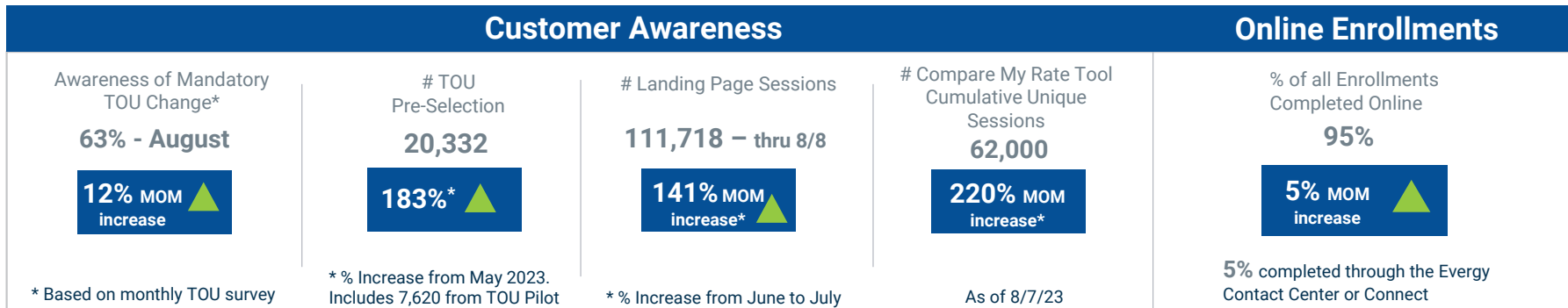


TOU Education and Outreach Performance and Tactics

Phase 1 & Phase 2

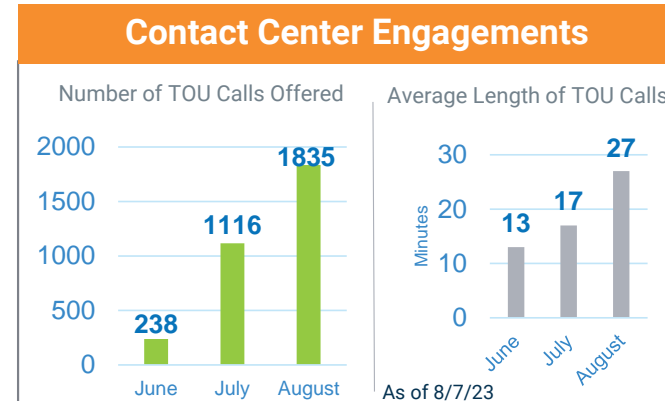


TOU Campaign Dashboard



Rate Plan Name	Total Enrollments	% of Enrollments
Standard Peak Saver	5,380	26%
Peak Reward Saver	4,453	22%
Nights & Weekends Saver	*8,034	40%
Nights & Weekends Max Saver	2,465	12%
Total	20,332	As of 8/8/23

*Inclusive of pre-existing enrollments





TOU Education and Outreach Campaign Dashboard

Measured Date: June – July 2023

Channel Performance							
Tactic	Impressions To Date	Goal #1	Result	Benchmark	Goal #2	Result	Benchmark
Bill Message/Insert	730,000	General Awareness	N/A	N/A	URL Visits	842	1500 site visits by 10/1
Billboards	79,536,765	General Awareness	N/A	N/A	URL Visits	915	1000 site visits by 10/1
Digital Display	4,317,223	Click-Through Rate	0.12%	0.09%	Cost Per Click	\$1.95	\$5.60
Digital Video	N/A	Video Completion Rate	N/A	41.0%	Click-Through Rate	N/A	0.02%
Direct Mail	N/A	General Awareness	N/A	N/A	URL Visits	N/A	
Email	N/A	Open Rate	N/A	20%	Click Through Rate	N/A	5%
Events	N/A	# of Events	5	60 events by 12/1	# Customer Reached	910	5000 customer by 12/1
High Impact Display	N/A	Click-Through Rate	N/A	1.50%	Engagement Rate	N/A	10.0%
Media Relations	2,072,000	Story Sentiment	92%	80% Neutral or Positive	Message Pull Through	23 out of 23	At least 1 key message
Newspaper & Church Ads	236,762	General Awareness	N/A	N/A	URL Visits	531	800 site visits by 10/1
Paid Search	29,602	Click-Through Rate	39.70%	28.0%	Cost Per Click	\$0.75	\$1.73
Paid Social	430,638	Click-Through Rate	22.01%	2.59%	Engagement Rate	6.51%	10.3%
Radio & Streaming Audio	N/A	General Awareness	N/A	N/A	URL Visits	N/A	500 site visits by 10/1

* Greyed out tactics are not yet in-field

Glossary of Terms

- **General Awareness:** when the main goal is to inform rather than taking an action
- **Impressions:** the number of times an audience is exposed to content
- **Click-Through-Rate (CTR):** ratio of clicks on content divided by the number of impressions served
- **Engagement Rate:** total number of actions taken on social ads (likes, shares, comments) divided by the number of impressions served)
- **Cost-Per-Click (CPC):** cost of media divided by the clicks on content
- **URL Visits:** clicks that result in a session on a landing page
- **Message Pull Through:** key messages earned media coverage



July Survey Findings (From monthly TOU survey)

Awareness of Evergy offering new time-based rate plans saw significant increase in the first month of the campaign.

Q: Have you seen or heard anything recently about Evergy offering new rate plan options to customers?

Finding: In July, 73% of survey respondents said they have seen or heard something about Evergy's new rate plans. That is a **24% increase** from our baseline survey in June.

Q: Before today, have you ever heard of Evergy's time-based rate plan? This would be a rate plan where the cost of electricity will vary based on the time of day you use it.

Finding: Two-thirds (67%) of customers were aware of Evergy's time-based rate plans prior to the July survey, **a 13% increase from the June** baseline survey.

Q: Before today, were you aware that your cost of electricity will vary based on the time of day that you use it by the end of 2023?

Finding: Over half (59%) are aware that the time-based rates will go into effect by the end of 2023. That is an increase **of 21% from June baseline** survey.

Q: For which, if any of the following reasons do you believe Evergy is switching customers to time-based rate plans?

Finding: Customers feel time-based rates benefit Evergy more than customers, but **almost one-third (31%) understand that it is the MPSC** requiring the change.





Explanation of the Examples

The attached examples illustrate key tactics employed in **Evergy's Education and Awareness Campaign** for the Missouri TOU transition. Please note that these examples represent key tactics developed thus far and are not exhaustive of all the materials that will be utilized during the campaign. Evergy will continue to share additional examples in future filings as the campaign progresses.

It's important to highlight that the examples included in this filing primarily pertain to the Awareness Phase (Phase 1) of the campaign. In Phase 1, Evergy employed mass awareness tactics designed to capture attention and provide general information, along with a call to action to the campaign website landing page to learn more. Mass Awareness tactics often have less room to provide detailed information and are used to build preliminary understanding and prepare for the action phase. In Phases 2 and 3, Evergy will employ more direct tactics that will offer detailed information about the transition, why the change is happening, and personalized data about options at the household level.

Note: Materials have been sized to fit the slides and do not represent the actual size of the tactic.



Education and Awareness Strategy

Strategy Overview: Use a phased approach, that incorporates both mass awareness and direct marketing tactics, to move a customer from awareness to action and then finally to transition and success.

Campaign Phase	Objective	Message Idea	Tactic Type
Phase 1 Awareness & Education June 15 th – Nov. 30 th , 2023	Inform customers that Missouri is changing rate structures soon and educate them on how TOU rates work.	Missouri will be changing electric rate structures starting this Fall. Learn how to prepare.	Mass Awareness
Phase 2 Action & Preparation Aug. 1 st – Nov. 30 th , 2023	Prepare customers for the upcoming change, inform them of their rate options & how they work, and encourage pre-selection of a rate.	As Missouri moves to TOU rates, Evergy is offering new personal power plans. Learn about your plan options and select a plan before October.	Mass Awareness and Direct
Phase 3 Transition & Coaching Oct. 1 st – Dec. 31 st , 2023	Ensure customers know they will be defaulted into a new rate and provide coaching to help them be successful on the new plan.	Your rate will change on X date. We are here to support your transition to TOU.	Direct
Phase 4 Success & Coaching Jan. 1 st – April 30 th , 2024	Help customers understand how their rate works and encourage shifting usage to off-peak times.	Your new rate allows you to save money by shifting to off-peak times. Here are tips and tricks to help you save.	Direct
Phase 5 Summer Prep & Coaching May 1 st – Sept. 30 th , 2024	Prepare customers for the change in summer pricing and provide tools, tips, and resources to avoid summer peak usage.	Prices change in the summer, start preparing your home and family to avoid high usage during the summer.	Mass Awareness and Direct

Phase 1 – Awareness Tactics

*Examples filed in June 2023.
Sent out in June and July of 2023*



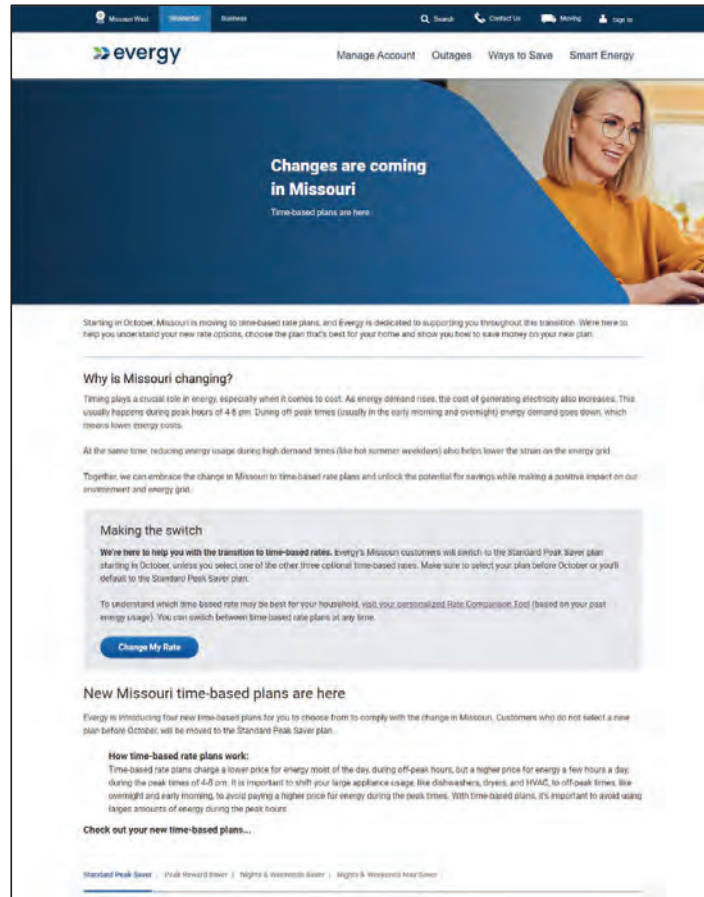
Full Page



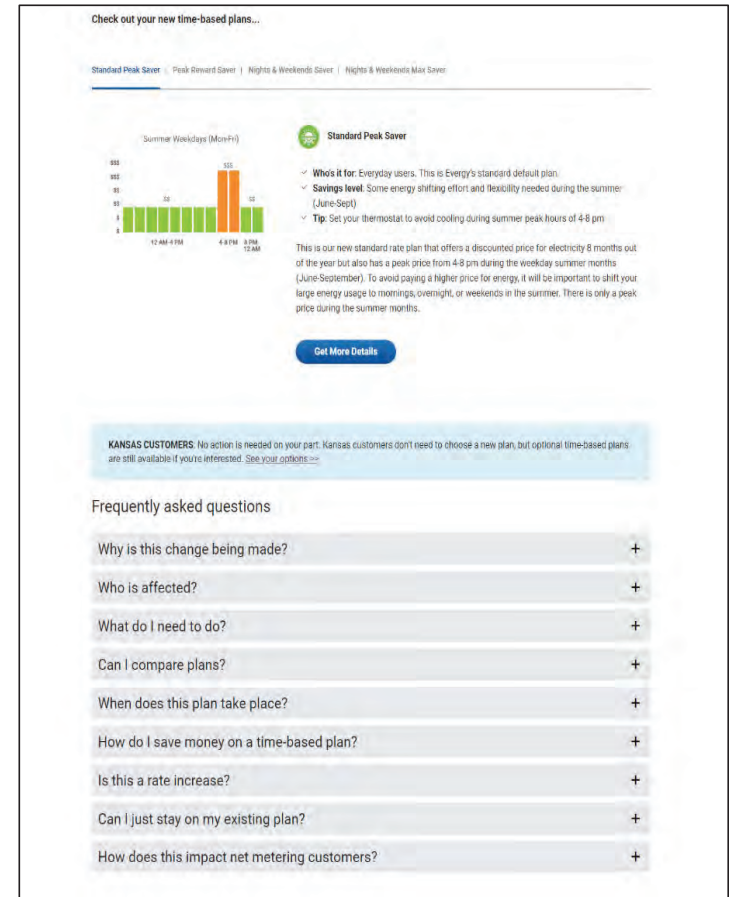
10

Campaign Website Landing Page

Top Half of Page



Bottom Half of Page



Out of Home - Billboard



Digital Banner Ads

Awareness Ad



Print Advertising

Newspaper Print Ad

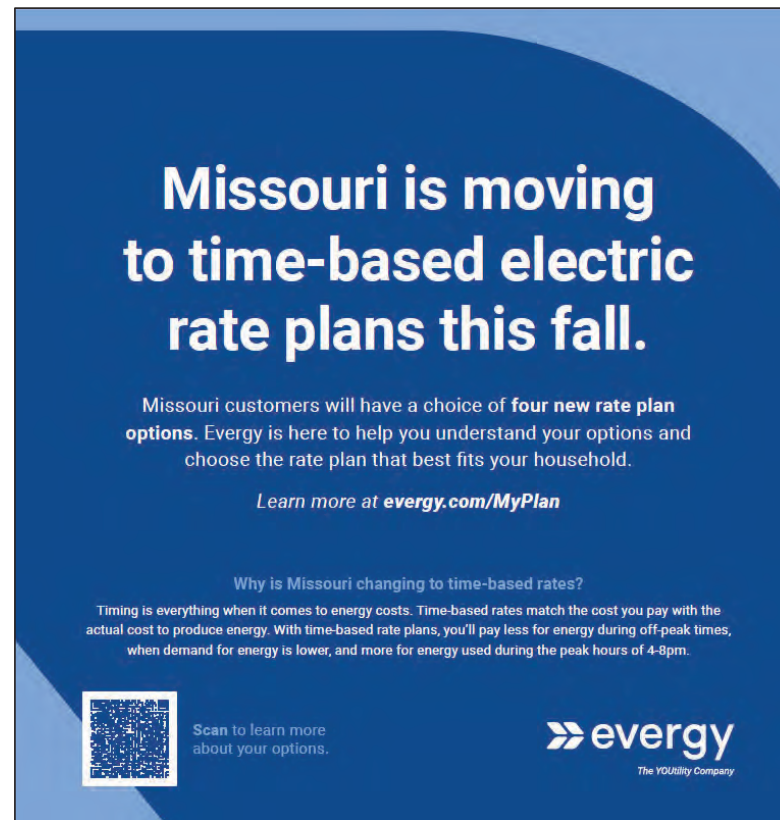
Church Bulletin Ads



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**Missouri is moving to
time-based rate plans this fall.**

Pick your new plan by October at
evergy.com/PickPlan



**Missouri is moving
to time-based electric
rate plans this fall.**

Missouri customers will have a choice of **four new rate plan options**. Evergy is here to help you understand your options and choose the rate plan that best fits your household.

Learn more at evergy.com/MyPlan

Why is Missouri changing to time-based rates?

Timing is everything when it comes to energy costs. Time-based rates match the cost you pay with the actual cost to produce energy. With time-based rate plans, you'll pay less for energy during off-peak times, when demand for energy is lower, and more for energy used during the peak hours of 4-8pm.

Scan to learn more
about your options.

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The YOUility Company

Placed-Based Out of Home

(Located in places like grocery stores, laundromats, hair solans)

Take-One Brochure

In-Store Banner/Sign



Missouri is moving to time-based electric rate plans this fall.

Missouri customers will have a choice of **four new rate plan options**. Evergy is here to help you understand your options and choose the rate plan that best fits your household.

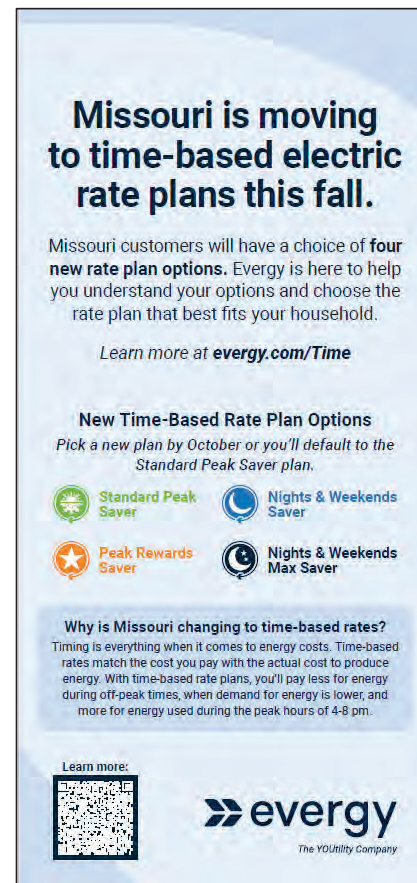
Pick your new plan by October and learn more at evergy.com/Time

Why is Missouri changing to time-based rates?
Timing is everything when it comes to energy costs. Time-based rates match the cost you pay with the actual cost to produce energy. With time-based rate plans, you'll pay less for energy during off-peak times, when demand for energy is lower, and more for energy used during the peak hours of 4-8 pm.

Scan to learn more about your options.



evergy
The YOUility Company







Missouri is moving to time-based electric rate plans this fall.

Missouri customers will have a choice of **four new rate plan options**. Evergy is here to help you understand your options and choose the rate plan that best fits your household.


Learn more at evergy.com/Time

New Time-Based Rate Plan Options
Pick a new plan by October or you'll default to the Standard Peak Saver plan.

-  **Standard Peak Saver**
-  **Nights & Weekends Saver**
-  **Peak Rewards Saver**
-  **Nights & Weekends Max Saver**

Why is Missouri changing to time-based rates?
Timing is everything when it comes to energy costs. Time-based rates match the cost you pay with the actual cost to produce energy. With time-based rate plans, you'll pay less for energy during off-peak times, when demand for energy is lower, and more for energy used during the peak hours of 4-8 pm.

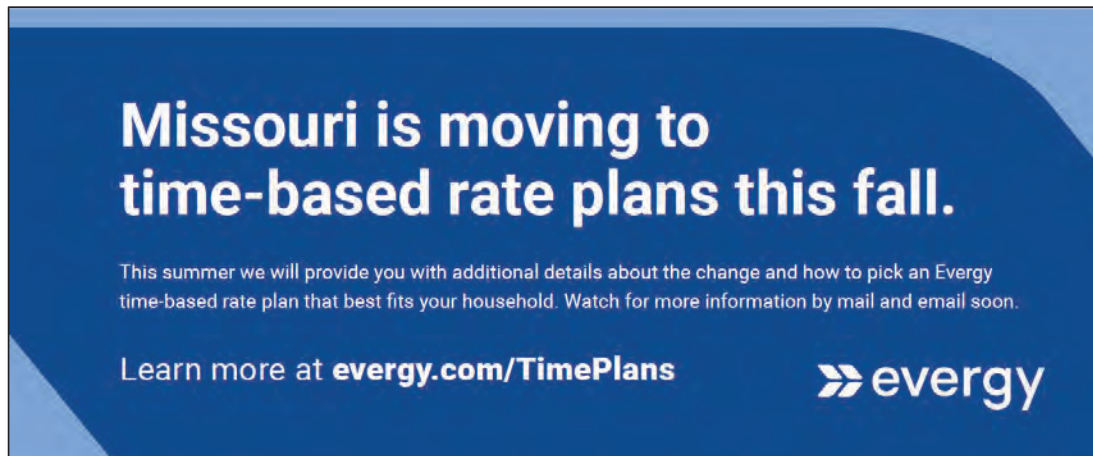
Learn more:



evergy
The YOUility Company

Billing Communication


July Bill Insert



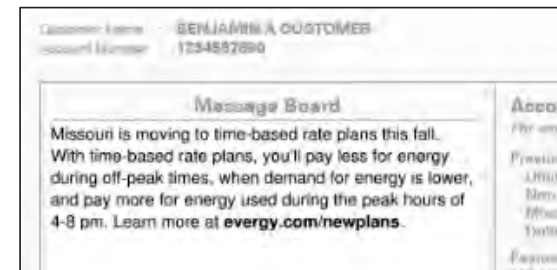
Missouri is moving to time-based rate plans this fall.

This summer we will provide you with additional details about the change and how to pick an Evergy time-based rate plan that best fits your household. Watch for more information by mail and email soon.

Learn more at evergy.com/TimePlans



July Bill Message



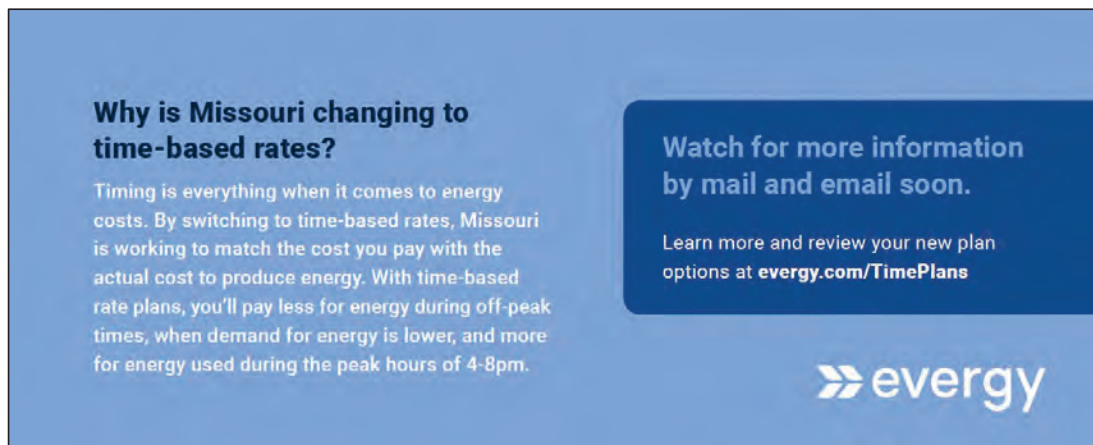
Customer Name: BENJAMIN A. CUSTOMER
Account Number: 1234567890

Message Board

Missouri is moving to time-based rate plans this fall. With time-based rate plans, you'll pay less for energy during off-peak times, when demand for energy is lower, and pay more for energy used during the peak hours of 4-8 pm. Learn more at evergy.com/newplans.

Account

- Pay my bill
- Payment history
- Usage
- Outages
- Account info




Why is Missouri changing to time-based rates?

Timing is everything when it comes to energy costs. By switching to time-based rates, Missouri is working to match the cost you pay with the actual cost to produce energy. With time-based rate plans, you'll pay less for energy during off-peak times, when demand for energy is lower, and more for energy used during the peak hours of 4-8pm.

Watch for more information by mail and email soon.

Learn more and review your new plan options at evergy.com/TimePlans



Phase 2 – Preparation and Action Tactics

Items in market in August.



Billing Communication

August Bill Insert

It's time to choose your new time-based rate plan.

Missouri is changing how electric rate plans work this Fall, so Evergy has introduced four new rate plan options to fit your household needs.

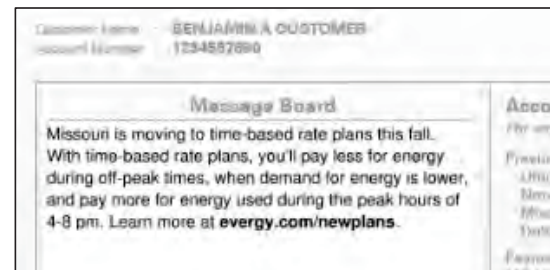
If you have not selected a new plan by October, you will be moved to the Standard Peak Saver plan.

Choose your new plan now!

Select your time-based plan before October by going to evergy.com/TimePlans



August Bill Message



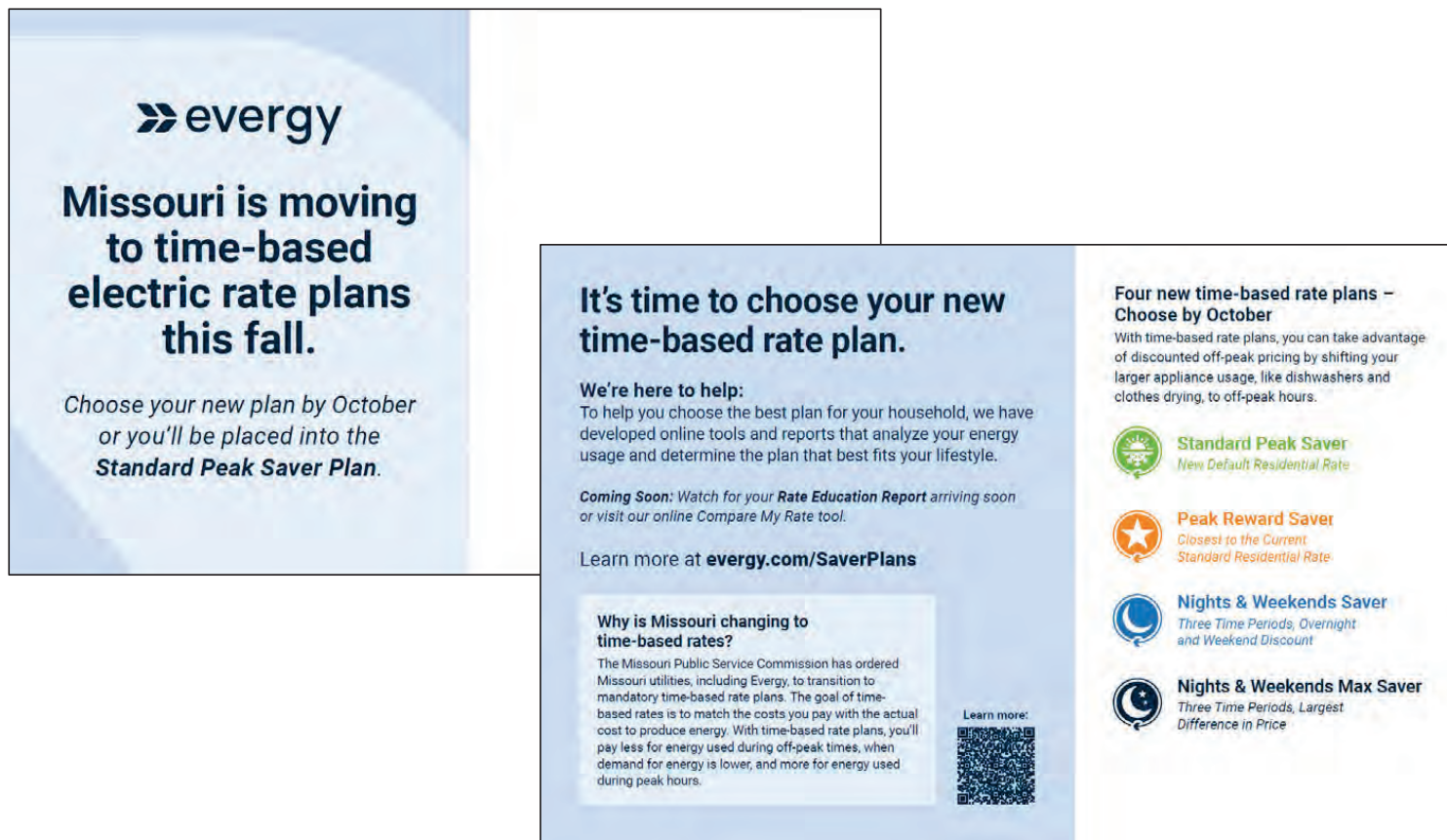
Why is Missouri changing to time-based rates?

The Missouri Public Service Commission has ordered Missouri utilities, including Evergy, to transition to mandatory time-based rate plans. The goal of time-based rates is to match the costs you pay with the actual cost to produce energy. With time-based rate plans, you'll pay less for energy used during off-peak times, when demand for energy is lower, and more for energy used during the peak hours of 4-8 pm.

With time-based rate plans, you can take advantage of discounted off-peak pricing by shifting your larger appliance usage, like dishwashers and clothes drying, to off-peak hours.



Customer Postcard



The postcard design is divided into several sections. On the left, a blue background features the Evergy logo and a headline about Missouri moving to time-based electric rate plans. Below this is a sub-headline and a call to action. The main body of the postcard has a light blue background and contains a headline, a 'We're here to help' section with explanatory text, a 'Coming Soon' note, and a link to learn more. A 'Why is Missouri changing to time-based rates?' section explains the regulatory context. On the right, four new rate plans are listed with their respective icons and descriptions. A QR code is located at the bottom right of the main body.

evergy

Missouri is moving to time-based electric rate plans this fall.

*Choose your new plan by October or you'll be placed into the **Standard Peak Saver Plan.***


It's time to choose your new time-based rate plan.

We're here to help:
To help you choose the best plan for your household, we have developed online tools and reports that analyze your energy usage and determine the plan that best fits your lifestyle.





Coming Soon: Watch for your **Rate Education Report** arriving soon or visit our online **Compare My Rate** tool.

Learn more at evergy.com/SaverPlans


Why is Missouri changing to time-based rates?
The Missouri Public Service Commission has ordered Missouri utilities, including Evergy, to transition to mandatory time-based rate plans. The goal of time-based rates is to match the costs you pay with the actual cost to produce energy. With time-based rate plans, you'll pay less for energy used during off-peak times, when demand for energy is lower, and more for energy used during peak hours.

Learn more: 

Four new time-based rate plans – Choose by October
With time-based rate plans, you can take advantage of discounted off-peak pricing by shifting your larger appliance usage, like dishwashers and clothes drying, to off-peak hours.


-  **Standard Peak Saver**
New Default Residential Rate
-  **Peak Reward Saver**
Closest to the Current Standard Residential Rate
-  **Nights & Weekends Saver**
Three Time Periods, Overnight and Weekend Discount
-  **Nights & Weekends Max Saver**
Three Time Periods, Largest Difference in Price

August Newspaper Ad



It's time to choose your new time-based rate plan.

Evergy's Missouri customers will be automatically enrolled in the **Standard Peak Saver plan** if you don't choose one of the other three additional rate plan options before October.

Learn more: 





Choose your plan now at [evergy.com/TimePlans](https://www.evergy.com/TimePlans)

Why is Missouri changing to time-based rates?
The Missouri Public Service Commission has ordered Missouri utilities, including Evergy, to transition to mandatory time-based rate plans. The goal of time-based rates is to match the costs you pay with the actual cost to produce energy. With time-based rate plans, you'll pay less for energy used during off-peak times, when demand for energy is lower, and more for energy used during peak hours.

How time-based rate plans work:
With time-based rates, you'll pay less for any energy used during the 20 off-peak hours. But when energy demand is high during peak hours, the cost for energy will be higher. It is important to shift your large appliance usage, like dishwashers, dryers, and HVAC, to off-peak times, like overnight and early morning, to avoid paying a higher price for energy during the peak times.

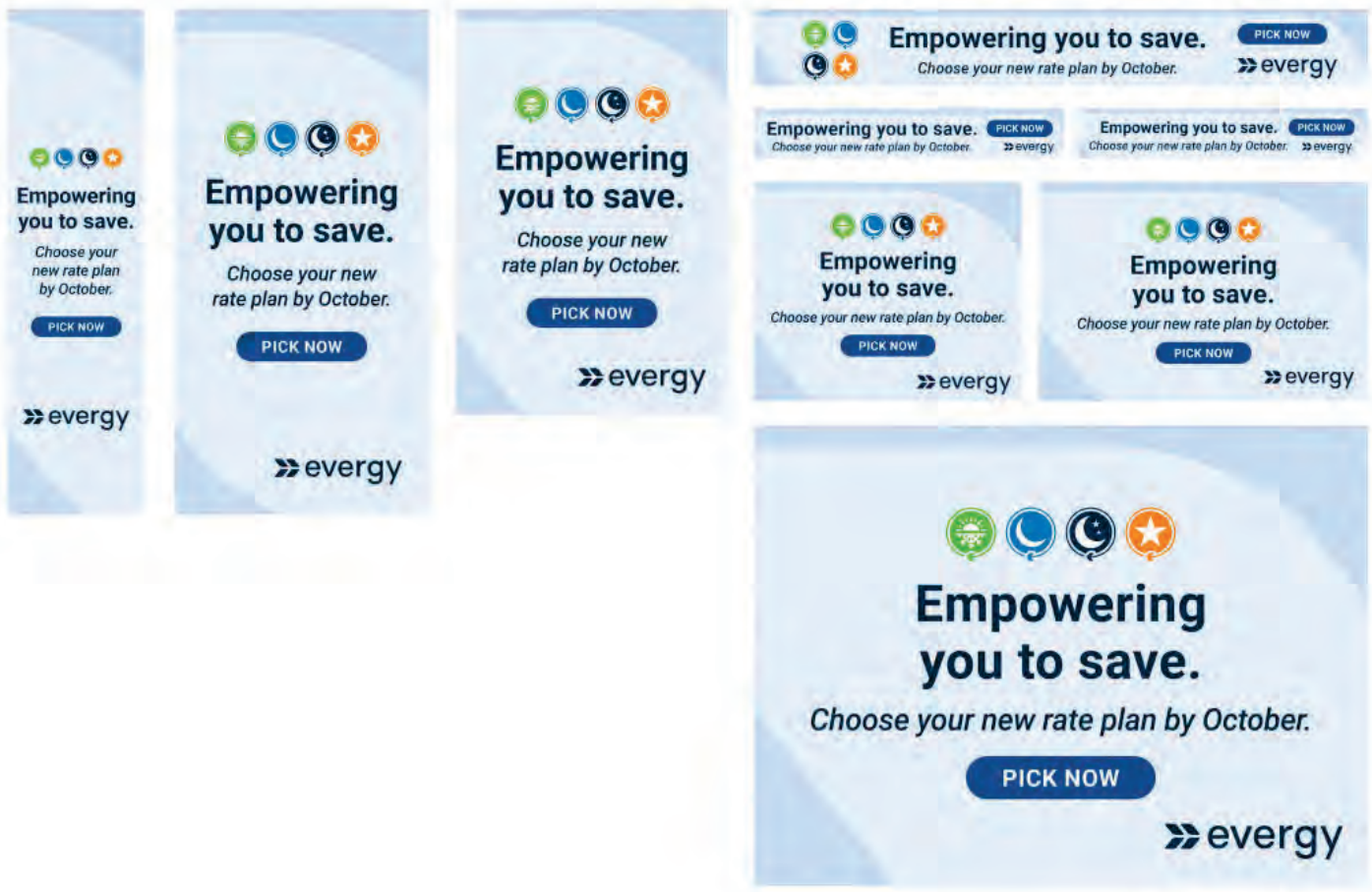
We're here to help:
To help you choose the best plan for your household, we have developed online tools and reports that analyze your actual energy usage and determine the plan that best fits your lifestyle.

Four new time-based rate plans – Choose by October
With time-based rate plans, you can take advantage of lower off-peak pricing by shifting your larger appliance usage, like dishwashers and clothes drying, to off-peak hours.

-  **Standard Peak Saver**
New Default Residential Rate
-  **Peak Reward Saver**
Closest to the Current Standard Residential Rate
-  **Nights & Weekends Saver**
Three Time Periods, Overnight and Weekend Discount
-  **Nights & Weekends Max Saver**
Three Time Periods, Largest Difference in Price

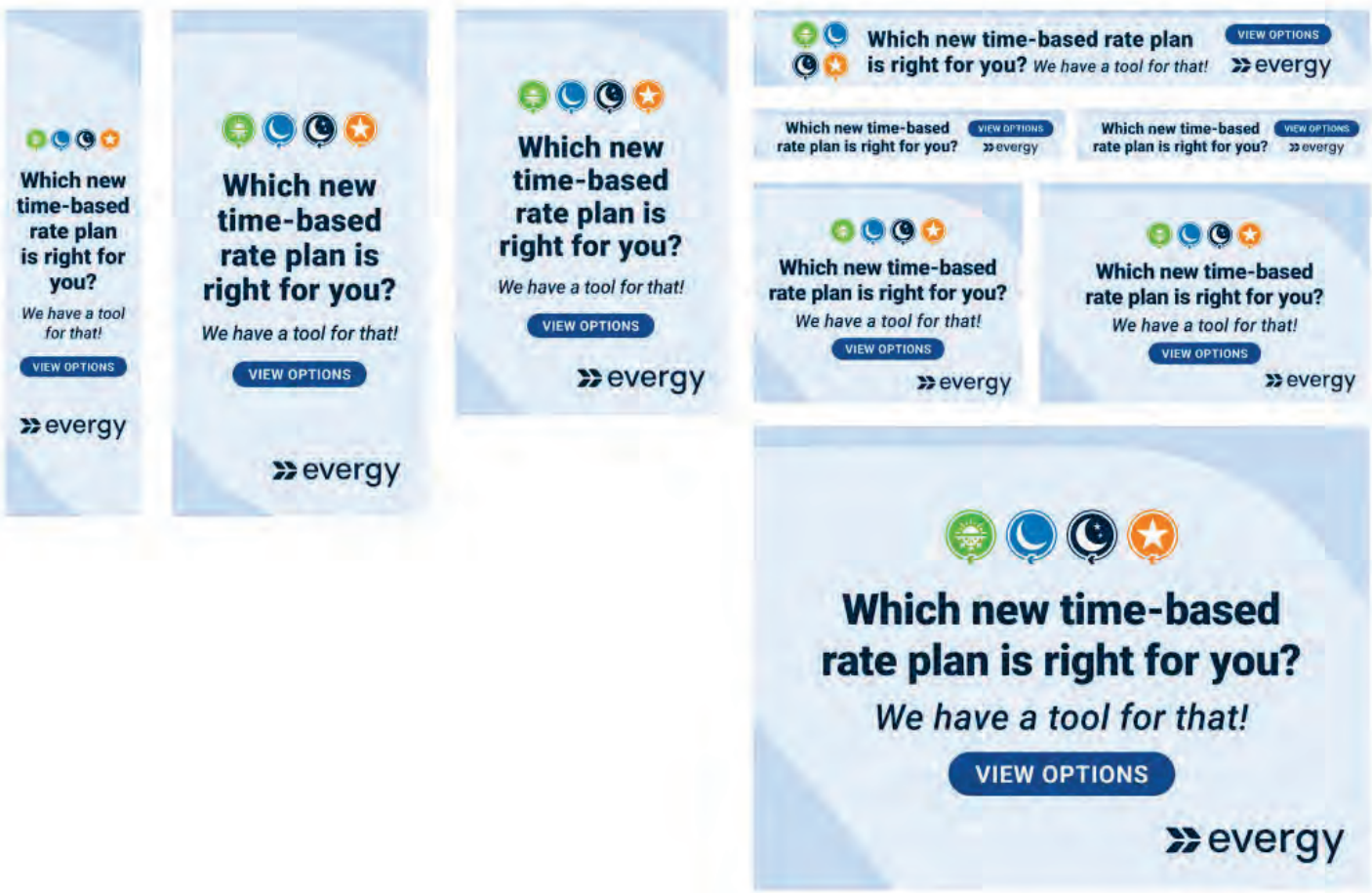
Retargeting Digital Banner Ads

Retargeting Ads - Message 1



Retargeting Digital Banner Ads

Retargeting Ads - Message 2



Paid Social Posts

Evergy Published by Lily Lungren · June 27 at 11:25 AM ·

By switching to time-based rates, Missouri is working to match the cost you pay with the actual costs to produce energy.

**Missouri is moving
to time-based
electric rate plans
this fall.**

evergy

EVERGY.COM
Which plan is best for you?
We have a tool for that!

[Learn more](#)

Cover Letter Insert in the Rate Education Reports



The cover letter insert features a blue header with the Evergy logo and the text "Welcome to your Rate Education Report". The main body contains a welcome message, a call to action to select a plan by October, and three informational sections: "Why is Missouri changing to time-based rates?", "How to read your Rate Education Report", and "Questions about the plans or your estimated costs?".

evergy

Welcome to your Rate Education Report

Missouri is moving to time-based rate plans this fall, and Evergy is here to support you through this change. That's why we're sending you the attached Rate Education Report. This report uses your home's past energy usage data to estimate the costs of each new time-based rate plan. This report will help you understand the possible costs of each of the new plan options and how you might be able to save money by shifting energy usage to off-peak times.

Select your plan by October!
Select your new plan before October by going to evergy.com/PickMyRate. If you have not selected a new plan by October, you will be moved to the Standard Peak Saver plan.

Why is Missouri changing to time-based rates?

Timing is everything when it comes to energy costs. By switching to time-based rates, Missouri is working to match the cost you pay with the actual cost to produce energy. With time-based rate plans, you'll pay less for energy used during off-peak times, when demand for energy is lower, and more for energy used during the peak hours of 4-8 pm.

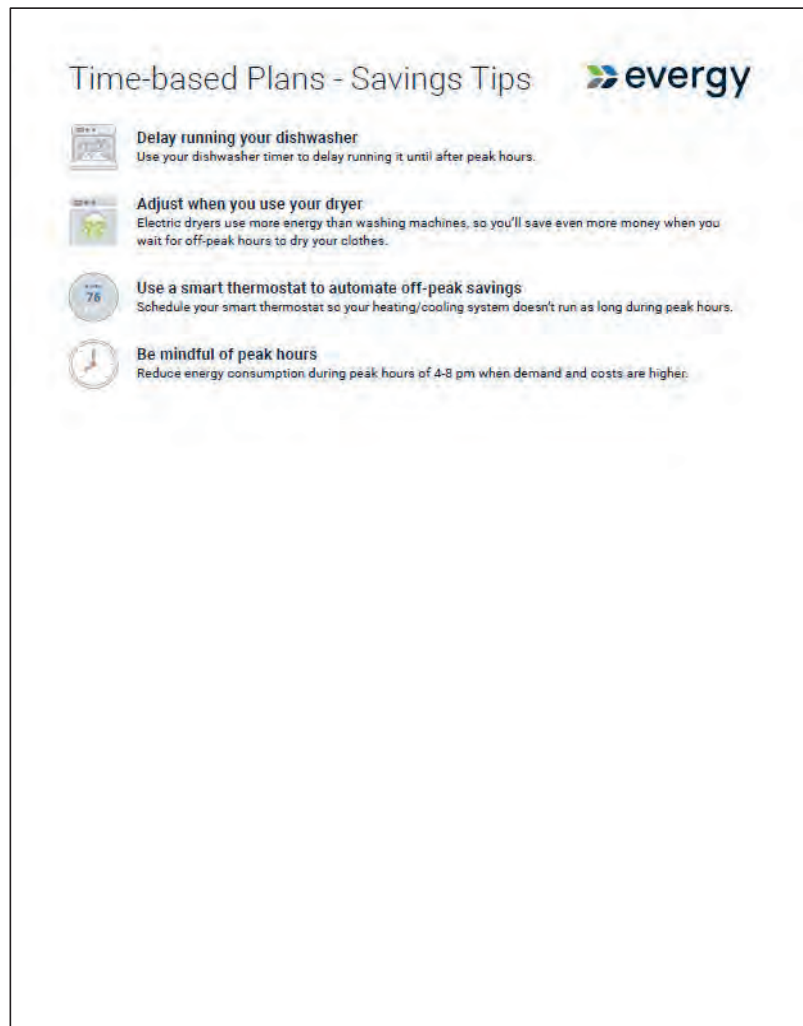
With time-based rate plans, you can take advantage of discounted off-peak pricing by shifting your larger appliance usage, like dishwashers and clothes drying, to off-peak hours.

How to read your Rate Education Report

The attached report estimates what your average monthly Evergy bill might be on each of the new time-based plan options, based on your home's last year of energy usage. Please note that this is only an estimate, and any changes in your home or household members could affect the estimated cost of each plan. Additionally, this estimate does not consider any shifting of your energy use to off-peak times, which could help lower your monthly energy costs.





Questions about the plans or your estimated costs?

- Visit evergy.com/My-Plans for plan details and your personalized Rate Comparison.
- Talk with a rate plan specialist: 800-541-0407.
- Keep a look out for our weekly Rate Plan Coach emails, which provide a weekly breakdown of your energy usage and costs by time of day.



This section titled "Time-based Plans - Savings Tips" features the Evergy logo and four tips with icons: "Delay running your dishwasher", "Adjust when you use your dryer", "Use a smart thermostat to automate off-peak savings", and "Be mindful of peak hours".

Time-based Plans - Savings Tips **evergy**

-  **Delay running your dishwasher**
Use your dishwasher timer to delay running it until after peak hours.
-  **Adjust when you use your dryer**
Electric dryers use more energy than washing machines, so you'll save even more money when you wait for off-peak hours to dry your clothes.
-  **Use a smart thermostat to automate off-peak savings**
Schedule your smart thermostat so your heating/cooling system doesn't run as long during peak hours.
-  **Be mindful of peak hours**
Reduce energy consumption during peak hours of 4-8 pm when demand and costs are higher.

Rate Education Reports



P.O. Box 418679, Kansas City, MO 64141

Rate Education Report
March 21, 2023
Account number XXXXXXX



Use this shortcut to choose your new rate plan! Scan the QR code.

Choose a rate plan that works for your household

Missouri is changing how electric rate plans work to match the cost you pay with the actual cost to produce energy—and Evergy has responded with four new time-based rate plans for you to choose from. The good news is that you're estimated to save with the default Standard Peak Saver plan, which takes effect in **Month 2023**. Want to start saving sooner? Switch to the Standard Peak Saver plan now!

Learn more and select your new rate plan at evergy.com/PlanDetails.

Make your selection today
If you don't select a new plan, you'll be enrolled in Standard Peak Saver starting **Month 2023**.



Standard Peak
No Peak pricing for 8 months of the year

To save, shift your energy use away from weekday Peak hours in the summer (June – Sept.).



Peak Reward
Earn discount credits

Keep your electricity use low during Peak hours and earn discount credits by using large appliances during Super Saver hours.



Nights & Weekends
Lower overnight prices

To save, schedule your smart thermostat and large appliances to run during Saver and Super Saver hours.



Nights & Weekends Max
Lowest overnight prices

To save, charge your EV overnight and set your large appliances to run during Super Saver hours.

How do rate plans compare?


Estimated average monthly cost per plan (based on your historical usage)



Turn over to learn more →

How can time-based plans work for you?

Small actions go a long way when it comes to shifting your energy use away from Peak hours. You'll save energy and money—while lessening the impact on the grid for everyone. Take simple steps like delaying running large appliances such as your dryer and dishwasher until Saver hours. Another great way to save is using a smart thermostat to automate your heating and cooling systems to run less frequently during Peak hours.



What time should your household use energy based on new plans?

To make the most of your plan, do your best to make a habit of shifting energy use away from Peak hours (4 to 8 pm). See below for a breakdown of each plan's hours so you can find the one that works for your household.




Standard Peak

12am 6am 4pm 8pm 11pm

**Peak hours only apply weekdays June thru September.*

\$4 more \$




Peak Reward

12am 6am 4pm 8pm 11pm

**Use electricity during Super Saver hours to earn discount credits.*

discount credit extra charge




Nights & Weekends

12am 6am 4pm 8pm 11pm

**No Peak hours on holidays and weekends. Lower overnight price.*

\$6 more \$




Nights & Weekends Max

12am 6am 4pm 8pm 11pm

**No Peak hours on holidays and weekends. Lowest overnight price.*

\$12s more \$




Choose your new plan today!
Use this digital shortcut to choose your new plan today. Scan QR code.
Or call 1-800-541-0407.

Learn more and select your new plan at evergy.com/PlanDetails.

This rate comparison is provided for illustrative purposes only and does not constitute a representation or recommendation by Evergy as to what rate is best for you. Evergy cannot guarantee the accuracy, completeness or usefulness of the estimated cost information. Estimated costs shown may vary from results of the online rate comparison tool, since your energy use and billing period may have changed from the time this report was generated. Evergy expressly disclaims any and all liability for any damages of any nature (including direct, indirect, incidental and consequential) arising in connection with the use of the estimated rate comparison.

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Case No. ER-2024-0189
Schedule SLKL-drr11, Page 69 of 71

Customer Event Handout



Missouri's Time-Based Rate Transition

In October, customers will be moved to time-based rate plans.

Evergy's Missouri customers will be automatically enrolled in the **Standard Peak Saver plan** if you don't choose one of the other three additional rate plan options before October.

Questions?
We're here to help you with your transition to time-based rate plans.
Visit: evergy.com/PeakPlans
Call: 800-541-0407
Analyze: Use our online *Compare My Rate* tool to see which plan might be best for you.

Why is Missouri changing to time-based rates?
The Missouri Public Service Commission has ordered Missouri utilities, including Evergy, to transition to mandatory time-based rate plans. The goal of time-based rates is to match the costs you pay with the actual cost to produce energy. With time-based rate plans, you'll pay less for energy used during off-peak times, when demand for energy is lower, and more for energy used during peak hours.

How time-based rate plans work:
With time-based rates, you'll pay less for any energy used during the 20 off-peak hours. But when energy demand is high during peak hours, the cost for energy will be higher. It is important to shift your large appliance usage, like dishwashers, dryers, and HVAC, to off-peak times, like overnight and early morning, to avoid paying a higher price for energy during the peak times. With time-based plans, it's important to avoid using large amounts of energy during peak hours.

 Standard Peak Saver <i>New Default Residential Rate</i>	 Peak Reward Saver <i>Closest to the Current Standard Residential Rate</i>
 Nights & Weekends Saver <i>Three Time Periods, Overnight and Weekend Discount</i>	 Nights & Weekends Max Saver <i>Three Time Periods, Largest Difference in Price</i>


Time-Based Plans - Savings Tips

-  **Delay running your dishwasher:** Use your dishwasher timer to delay running it until after peak hours.
-  **Adjust when you use your dryer:** Electric dryers use more energy than washing machines, so you'll save even more money when you wait for off-peak hours to dry your clothes.
-  **Adjust your thermostat to automate off-peak savings:** Adjust your thermostat so your heating/cooling system doesn't run as long during peak hours.
-  **Be mindful of peak hours:** Reduce large appliance energy consumption during peak hours of 4-8 pm when demand and costs are higher.

Weekly Energy Analysis Emails – Promotion Pod

Non-TOU customer

It's time to pick your new time-based rate plan!




Missouri is moving to time-based rate plans in October. With time-based rate plans, you'll pay less for energy during off-peak times and more for energy used during peak hours.

Select your new plan by October: customers without a preference will be moved to our default Standard Peak Saver Plan.

[LEARN MORE AND PICK YOUR PLAN](#)

Customers on TOU Pilot

We have new time-based rate plan options!



Your Time of Use Plan has been renamed to the Nights and Weekends Saver plan, and we are introducing three additional time-based rate plans. Your existing plan will remain the same, but we recommend exploring the new alternatives to see if any are more suitable for your household.

Visit our online Rate Comparison Tool to see which plan might be best for you.

[COMPARE PLANS](#)

**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
KEVIN A. THOMPSON
Missouri Bar Number 36288
Chief Staff Counsel

Missouri Public Service Commission
P.O. Box 360
Jefferson City, MO 65102
573-751-6514 (Voice)
573-526-6969 (Fax)
kevin.thompson@psc.mo.gov

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.

APPENDIX A

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

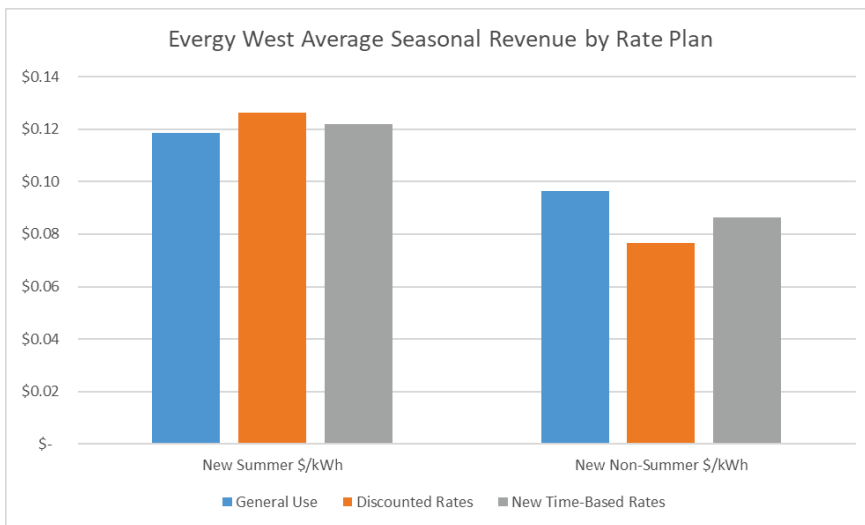
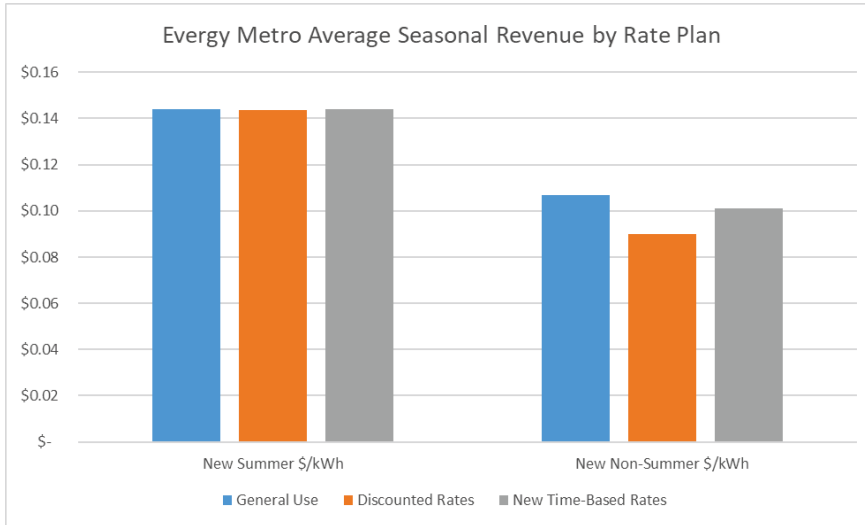
If the Commission denies Staff’s September 13, 2023, “Motion to Suspend,” and determines that it is lawful and appropriate to adopt any of Evergy’s requests, the Discussion section that follows will identify and describe the tariff language and related issues that Staff is aware of at this time, noting 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

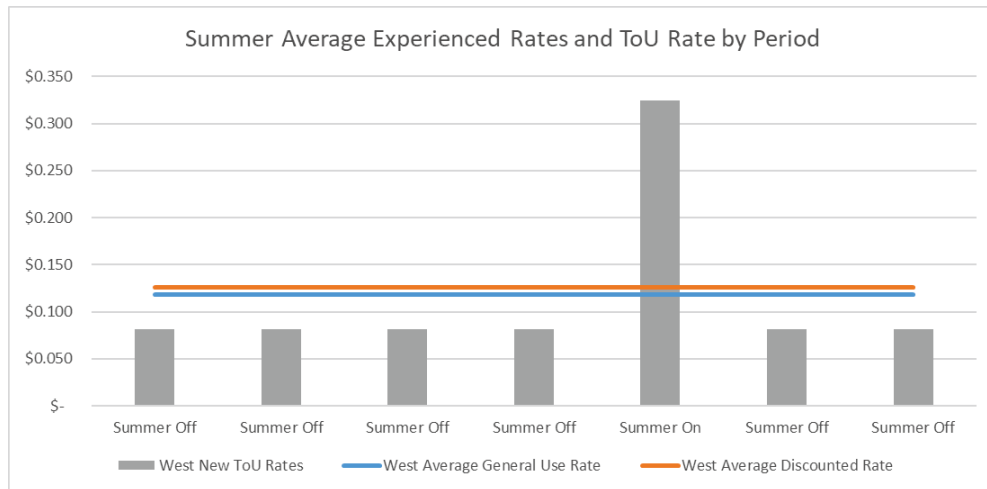
¹ Residential Peak Adjustment Schedule RPKA (Eversource’s newly-requested default rate plan), Residential Service Time of Use – Two Period Schedule RTOU-2 (the currently tariffed default rate plan beginning October 1, 2023),

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.

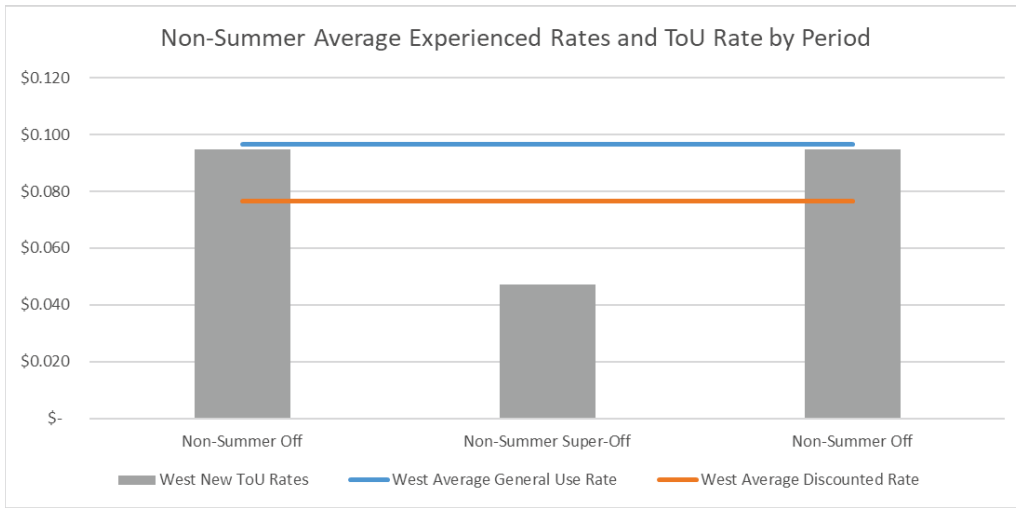
It should be noted that in cold months, the customers who are using electricity to heat their living space are likely to experience greater bill savings from the super-off-peak rate element of the default ToU rate plan than they will experience bill increases from the off-peak portion of their energy 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

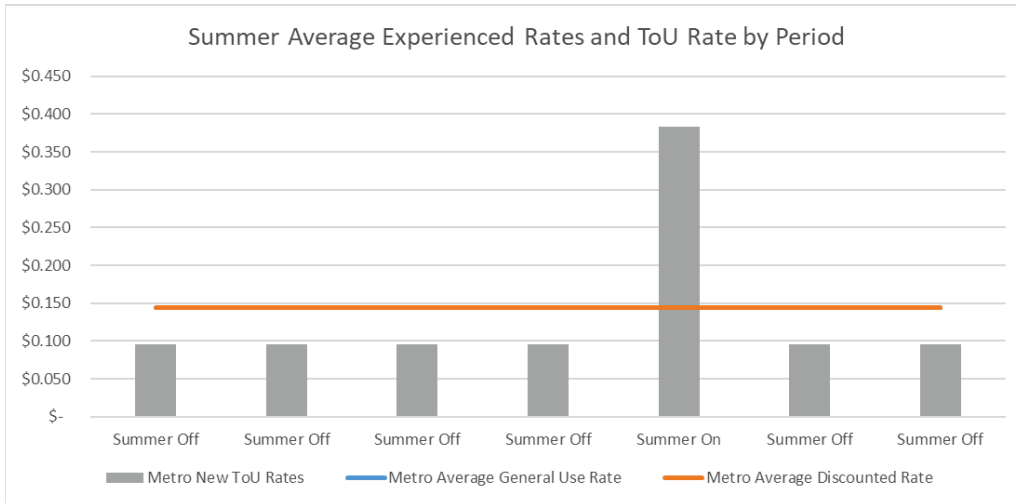


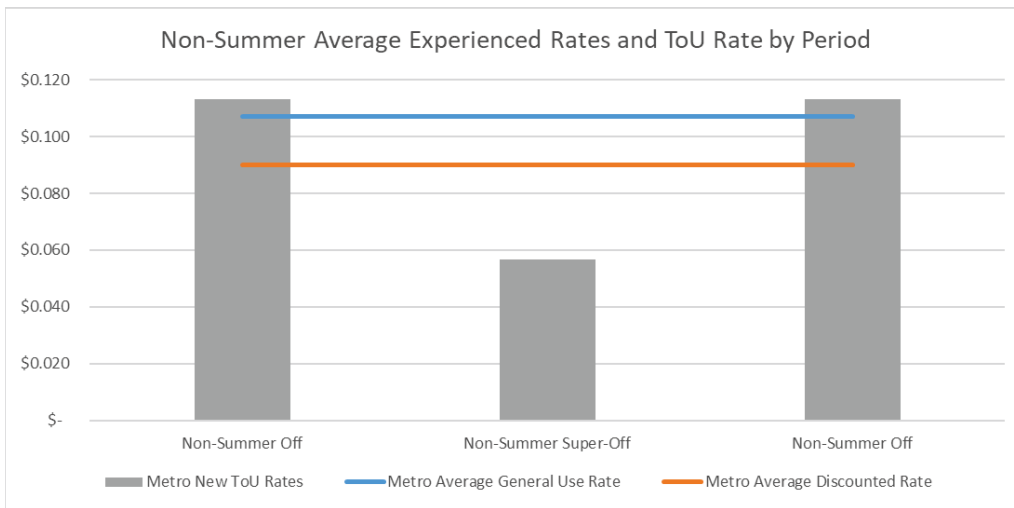
Residential High Differential Time of Use Schedule RTOU-3, and Separately Metered Electric Vehicle Time of Use Schedule RTOU-EV. Throughout this document, where rate codes vary for the same rate plan between Evergy Metro and Evergy West, Staff refers primarily to the Evergy West rate code designation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



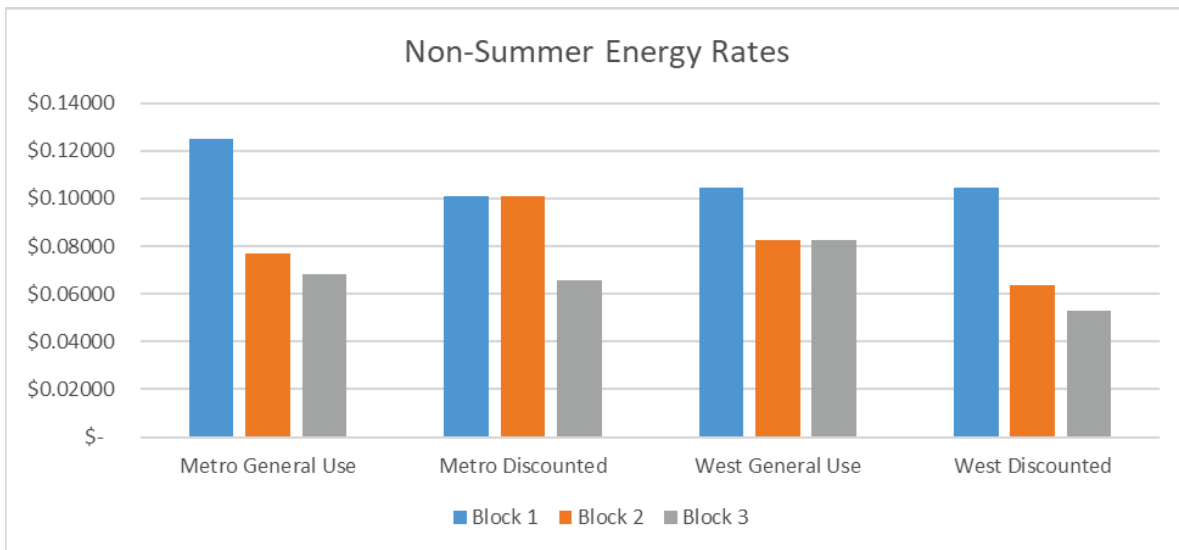


Although customers who use electric energy to space heat are generally positioned to receive lower bills on the Default Two Period Time of Use rate plan or the Residential Peak Adjustment rate plan than on the Residential General Use rate plan, Staff is concerned that customers have been misled by how 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?

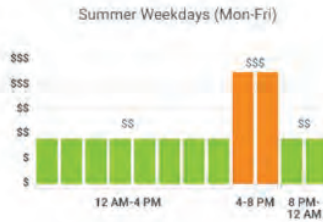
Time matters, especially when it comes to energy costs. The higher the demand for energy, the more it costs to generate. At peak times, typically during the day, energy demand increases and, as a result, energy costs increase. The opposite is true for off-peak times, typically at night, when energy demand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

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.
Please allow seven business days for processing.

OR

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.

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.”

Evergny’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).”

Evergy’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