

# Exhibit No. 323P

**Exhibit No.:** \_\_\_\_\_  
**Issue(s):** Concepts of Customer Need, Choice,  
Experience & Satisfaction/Customer Education/  
Advanced Easy Pay/Subscription Pricing/Income Eligible  
Weatherization-Transfer of Unspent Funds/Bad Debt Tracker/  
Universal Customer Service/Company Privacy Policy/  
Inherent Conflicts in Mr. Caisley's Roles within Evergy  
**Witness/Type of Exhibit:** Kremer/Rebuttal  
**Sponsoring Party:** Public Counsel  
**Case No.:** ER-2022-0129 and ER-2022-0130

## **REBUTTAL TESTIMONY**

**OF**

**LISA A. KREMER**

Submitted on Behalf of the Office of the Public Counsel

**EVERGY METRO, INC. D/B/A  
EVERGY MISSOURI METRO  
AND  
EVERGY MISSOURI WEST, INC. D/B/A  
EVERGY MISSOURI WEST**

CASE NOS. ER-2022-0129 AND ER-2022-0130

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Denotes Confidential Information that has been redacted

July 13, 2022

**PUBLIC**

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

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

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

**AFFIDAVIT OF LISA A. KREMER**

**STATE OF MISSOURI**     )  
   )     ss  
**COUNTY OF COLE**     )

Lisa A. Kremer, of lawful age and being first duly sworn, deposes and states:

1. My name is Lisa A. Kremer. I am a Consultant for the Office of the Public Counsel.
2. Attached hereto and made a part hereof for all purposes is my rebuttal testimony.
3. I hereby swear and affirm that my statements contained in the attached testimony are true and correct to the best of my knowledge and belief.

  
Lisa A. Kremer

Subscribed and sworn to me this 13<sup>th</sup> day of July 2022.



TIFFANY HILDEBRAND  
My Commission Expires  
August 8, 2023  
Cole County  
Commission #15637121

  
Tiffany Hildebrand  
Notary Public

My Commission expires August 8, 2023.

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**AND**

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EVERGY MISSOURI WEST**

**CASE NOS. ER-2022-0129 AND ER-2022-0130**

1 **I. INTRODUCTION**

2 **Q. Please state your name, title and business address.**

3 A. Lisa A. Kremer. Consultant for The Office of the Public Counsel (OPC). 705 Briarwood  
4 Court, Jefferson City MO. 65109.

5 **Q. Are you the same Lisa A. Kremer that filed Direct Testimony in these cases?**

6 A. Yes.

7 **Q. Would you explain which company or companies you are referring to when you**  
8 **address Evergy in this testimony?**

9 A. In this testimony, my use of the name Evergy refers to both Evergy Metro (the utility  
10 previously known as Kansas City Power & Light Company) and Evergy West (the utility  
11 previously known as KCP&L – Greater Missouri Operations Company). All references  
12 made to “the Company or Companies” is intended for both Evergy Metro and Evergy West  
13 together.

14 **Q. What is the purpose of your Rebuttal Testimony?**

15 A. The purpose of my Rebuttal Testimony is to address the Direct Testimonies of Company  
16 witnesses: Mr. Caisley, Mr. Ives, Ms. Winslow, Mr. Hledik and Mr. Lutz. I will also  
17 address aspects of the Direct Testimony of Staff witness Mr. Glasgow.

1 **Q. What matters specifically will your Rebuttal Testimony address?**

2 A. My testimony will address the following topics:

- 3 • Customer Needs and Customer Choice Matters
  - 4 ○ Importance of rate program clarity and understanding for customers
- 5 • Advanced Easy Pay (AEP, Pre-Pay) and Residential Subscription Pricing Proposals
- 6 (RSP)
  - 7 ○ Customer Implications
  - 8 ○ Departure From Key Tenets of Chapter 13
  - 9 ○ Promotion of \*\*\_\_\_\_\_\*\*<sup>1</sup> Energy Use for RSP in customer research
  - 10 ○ Inconsistent Customer Messaging
  - 11 ○ Diversion from Further Time-of-Use Adoption
  - 12 ○ Number of Proposed Rate Programs Leading to Unwieldy Control
- 13 • Customer Present Education Needs Identified by the Company’s Surveys
  - 14 ○ Need for Continued Extraction of Value of Advanced Metering
  - 15 Infrastructure (AMI) and Customer Information System (CIS) Investments
  - 16 for Customers
- 17 • Income-Eligible Weatherization Program Annual Transfer of Unspent Funds to
- 18 Dollar-Aide
- 19 • Bad Debt Tracker
- 20 • Universal Customer Service
  - 21 ○ Protection and Insulation of Missouri Customers Against Detriment
- 22 • Company Privacy Policy
- 23 • Awareness of Inherent Conflicts Within Mr. Caisley’s Position Description and
- 24 Evergy Roles as Chief Customer Officer and Chief Marketing Officer

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<sup>1</sup> Company Confidential Response to Office of the Public Counsel Data Request No. 5017 \*\*\_\_\_\_\_\*\*  
\*\* (Confidential Schedule LAK-R-2).

1 **Q. Throughout his Direct Testimony, Mr. Caisley addresses the broad concepts of**  
2 **customer need and customer desire for choice as well as customer experience and**  
3 **customer satisfaction. As the Commission evaluates Mr. Caisley’s testimony and the**  
4 **testimony of other company witnesses on these key customer tenets, what broad**  
5 **perspectives do you offer for the Commission’s consideration and what specific**  
6 **customer-serving and customer -implicated aspects will your testimony address?**

7 A. First, I appreciate Mr. Caisley raising the important concepts of customer need, customer  
8 choice, customer experience, and customer satisfaction. Many important service and  
9 regulatory considerations fall within this framework and Mr. Caisley’s testimony sets the  
10 stage for other Company witnesses to further explain and expand upon specific proposed  
11 program details.

12 However, I have several observations regarding his testimony and that of his  
13 colleagues concerning various customer proposals the Company has made in these cases,  
14 Company drawn conclusions from customer research, and what they reveal and matters  
15 around customer education. There is considerable opportunity to increase customer  
16 understanding of rates and programs the Company currently offers. Of paramount concern  
17 to the Office of the Public Counsel is that customers are provided full benefit of the  
18 significant investments made by the Company on their behalf to date specifically regarding  
19 the Customer Information System (CIS) and Advanced Metering Infrastructure (AMI) and  
20 there are customer benefits yet to be realized from such investments.

21 Opportunities based upon the Company’s research, such as the need for greater  
22 **\*\*\_\_\_\_\_\*\***<sup>2</sup> of existing programs, are present and should be addressed. My  
23 testimony will also raise caution as to the possibility of the transition of too much customer  
24 engagement of “routine, repeatable service digitally and through self-service”<sup>3</sup> to an on-  
25 line platform. As introduced in my Direct Testimony, customer learning styles of oral and  
26 print culture among low-income customers and those who have greater educational

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<sup>2</sup> Company Confidential Response to Office of the Public Counsel Data Request No. 5017 \*\*

\*\* (Confidential Schedule LAK-R-1).

<sup>3</sup> Case Nos. ER-2022-0129 and 0130, Mr. Caisley Direct, page 6 lines 18 through 21.

1 backgrounds can be very distinct and should be carefully reviewed and evaluated by a  
2 utility in which 27% of its customers are low income.<sup>4</sup>

3 "According to Walter J. Ong (1982), all people are born with a preference for oral  
4 communication and learn print communication styles if they grow up around adults  
5 who went to school and learned how to get information for living their lives through  
6 reading. A person living in an oral culture may be able to read but may still prefer  
7 to seek information through verbal means, rather than print. For example, if  
8 someone is sick in a family, the print-culture communicator would likely search the  
9 internet for information or consult a medical reference book to find out about the  
10 illness. An oral-culture communicator would find someone (or someone who knew  
11 someone) to ask about the illness."<sup>5</sup>

12 Print or on-line customer education materials should strive to be written at reading  
13 levels the majority of customers can understand with authoritative sources, such as the  
14 American Medical Association, providing guidance for patient education materials to be  
15 written at a 6<sup>th</sup> grade level. This concept is relevant to the Company's indication that it  
16 plans to handle routine, repeatable service digitally and through self-service<sup>6</sup>, which will  
17 be addressed later in my testimony.

18 In addition, there appear to be weak underpinnings regarding various Company  
19 proposals and statements made as to what Missouri Evergy customers' need and want.  
20 Such underpinnings will be addressed later in my testimony demonstrating that the  
21 overarching proposals of Advanced Easy Pay and Subscription Pricing, offered as pilot  
22 programs at this time, do not address or fulfill true customer need, are not in the public  
23 interest as presented, and the Company's rationale supporting such programs is not  
24 sufficient. Uninformed customer choice or choice of detriment to the customer is not a true  
25 choice at all. It is the role of regulators, consumer advocates, and others to highlight areas

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<sup>4</sup> Company Response to Office of Public Counsel Data Request No. 2171.

<sup>5</sup> Book: See Poverty . . . Be the Difference" by Dr. Donna M. Beegle, Copyright 2007, pg 97.

<sup>6</sup> Case Nos. ER-2022-0129 and 0130, Mr. Caisley Direct, page 6, lines 18 through 21.



1 where proposed programs do not provide appropriate justice and protection to the  
2 customer.

3 I will address the Company’s proposed annual roll-over of unspent weatherization  
4 funds to the Company’s Dollar-Aide program, which the Office of the Public Counsel  
5 opposes, and I will address the Company’s proposed bad debt tracker and why it is not  
6 necessary. I will comment on the Company’s plans for Universal Customer Service in the  
7 merged Kansas and Missouri utilities that comprise Evergy and will address the importance  
8 of the Company’s call center with the goal of assurance that Missouri customers will not  
9 experience detriment in a Universal Service environment. Further, that sufficient controls  
10 are necessary and should be in place to both prevent and detect such detriment. I will  
11 provide observations of the Company’s Privacy Policy as well as a recommendation that  
12 the Commission’s working docket of AW-2018-0393 regarding customer information be  
13 revived. Finally, regarding customer information and other matters that involve affiliate  
14 transactions, I will respectfully identify the inherent conflicts of interest within Mr.  
15 Caisley’s role in providing strategic leadership in both regulated and non-regulated  
16 products and services within the Evergy, Inc. corporate structure.<sup>7</sup>

17 **Customer Needs and Customer Choice**

18 Mr. Caisley specifically indicates in his Direct Testimony that “proposals made in  
19 this rate case also continue [Evergy’s] efforts in satisfying customer needs by expanding  
20 customer choice in rates for service.”<sup>8</sup> If I have counted correctly, Mr. Caisley’s Direct  
21 Testimony uses the word “choice” in the context of offering customer choices or stating  
22 that customers desire choice 34 times and Mr. Caisley uses the word “need” in the context  
23 of what customers need 24 times.

24 The dictionary defines the term “need”<sup>9</sup> as to “require (something) because it is  
25 essential or very important. Expressing necessity or obligation.” Customer “need” is a

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<sup>7</sup> Company’s Response to Office of the Public Counsel Data Request No. 2143.

<sup>8</sup> Case Nos. ER-2022-0129 and 0130, Mr. Caisley Direct, page 4 lines 15 and 16.

<sup>9</sup> Oxford Languages Dictionary.

1 concept that should be taken very seriously in the context of a Missouri regulated utility  
2 and statements and programs that are allegedly designed in response to “customer need”  
3 require sufficient demonstration that they truly address a customer need or a desire by  
4 customers and that the programs are in their interest with no unknown facts. Ensuring  
5 customer understanding of what they are being offered is a foundational customer right and  
6 expectation for service provided by a regulated utility.

7 The word “choice”<sup>10</sup> is defined as “an act of selecting or making a decision when  
8 faced with two or more possibilities.” On the surface, something may sound good, but  
9 details can bear out program attributes that are ultimately detrimental to the customer or to  
10 the larger body of rate payers. A non-utility example may be the 0% balance transfer credit  
11 card that later advances to a 15% interest rate if the balance is not paid in full by a certain  
12 period. Large late fees and compounding interest may not be fully understood.

13 The primary “need” of a regulated Missouri customer is to receive safe and reliable  
14 service at just, reasonable, and affordable rates<sup>11</sup> and those same customers should be  
15 benefited to the fullest extent by the rates they pay for utility investments and management.  
16 When contemplating customer “need” Missouri Public Service Commission Rules and  
17 Commission approved tariffs should be carefully reviewed before altering or approving  
18 variances as such authoritative sources define and interpret customer need along with  
19 utility responsibility.

20 Customers pay for Evergy’s electric generation, and purchased power agreements,  
21 transmission and distribution systems, all operational and customer service functions  
22 including the newer customer information system<sup>12</sup> with a cost of approximately  
23 \*\*\_\_\_\_\_\*\*, Advanced Metering Infrastructure (AMI) investments which my  
24 understanding had costs of approximately \$112M, billing and payment remittance  
25 functions, call center operations, *etc.* Customers also pay for the management and the  
26 management processes (planning, organizing, directing, and controlling of critical

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<sup>10</sup> Ibid.

<sup>11</sup> Line 1 of Missouri Public Service Commission’s Mission Statement.

<sup>12</sup> Company Response to the Office of the Public Counsel Confidential Data Request 8553.

1 resources: people, capital, technology, and time) of the utility itself. Such costs represent  
2 a significant investment of ratepayer dollars, and by virtue of being customers of a  
3 regulated utility company, those customers are entitled to good service and sound utility  
4 programs to meet their primary need of electric service. All “choices” presented to  
5 regulated customers by regulated utilities should be crystal clear and transparent to the  
6 customer and thoroughly vetted by Missouri regulators to ensure they appropriately serve  
7 the customer. Further, there should be no, or very limited, difficulty for the customer to  
8 understand what is being offered to them and the options they have. The utility has an  
9 obligation to facilitate for the customer those “choices” that should ultimately be in the  
10 best interest of its customers. The regulated utility has a captive customer base by which  
11 it will be compensated for prudently incurred expenses and an opportunity for a  
12 Commission determined rate of return.

13 The utility is in the seat of control and the regulated consumer should be able to  
14 look to its sole provider of an essential service for sufficient education, guidance, and  
15 assurance that the utility is appropriately advising the customer for their best outcome  
16 whether that is in the most advantageous rate program for the customer, payment  
17 arrangements, bill assistance, energy efficiency programs, cold weather rule application,  
18 renewable energy offerings, etc. The Company’s pilot program offerings of Advanced  
19 Easy Pay and Subscription Pricing do not address a specific customer need and are not  
20 choices that are in the public interest, as addressed further below.

21 **PRESENT CUSTOMER EDUCATION NEEDS IDENTIFIED BY COMPANY SURVEYS**

22 **Q. Do opportunities appear to be present for greater customer education regarding the**  
23 **programs the Company currently offers?**

24 A. Yes. The Company provided confidential customer survey material in response to the  
25 Office of the Public Counsel Data Request 5017. There was much interesting information  
26 in the Company’s response including the fact that nearly \*\*\_\_ \*\* of customers surveyed

27 “\*\* \_\_\_\_\_  
28 \_\_\_\_\_ \*\* (Please see Confidential Schedule LAK-

1 R-1, Company response to Data request 5017, Top Section), \*\*\_\_\_\_\_

2 \_\_\_\_ \*\* The Company's Response to OPC Data Request 5017 was insightful in many

3 regards concerning customer \*\*\_\_\_\_\_

4 \_\_\_\_\_ \*\* as well as other

5 findings.

6 **Q. How do you reconcile such needed opportunities for customer education with the**

7 **Company's indication that its customers prefer more choices?**

8 A. Customer surveys and interpretation of their results should be carefully evaluated and

9 reviewed when drawing assumptions. The page regarding and headed: \*\*\_\_\_\_\_ \*\*

10 within Schedule LAK-R-1 demonstrates that while \*\*\_\_ \*\* of customers indicated

11 Evergy should offer more \*\*\_\_\_\_\_ \*\* of customers did not know if they

12 should be offered more \*\*\_\_\_\_\_ \*\* and \*\*\_\_ \*\* said Evergy should not offer \*\*\_\_

13 \_\_\_\_\_ \*\* As much as this demonstrates customer desire for additional choice, it also

14 demonstrates nearly equal uncertainty for such choice as well as belief by \*\*\_\_ \*\* of

15 customers that additional choice is not necessary.

16 Customers may say they want more choices in many areas of service, but care and

17 scrutiny must be given to the customer choices offered by a regulated utility. Uninformed

18 choice, choices that may prove to be of customer detriment, choices that result in higher

19 than required rates are not viable choices and regulators, consumer advocates, and other

20 stakeholders must vet such choices to determine their demonstrable public interest.

21 Customers are depending upon those who are charged to do so on their behalf.

22 **Q. What else would you conclude regarding the need for customer education at Evergy**

23 **regarding its existing customer billing options and rate plans.**

24 A. The Company has an opportunity and need to better educate its customers on the billing

25 options and rate plans it has currently. I am concerned with the number of proposals in

26 this case that customers will either be confused or remain uninformed as to what may be

27 available to them presently, whether that is Time of Use, Average Pay, Energy Efficiency

1 offerings etc. Further, the Company has made significant investments in infrastructure to  
2 drive toward further adoption of Time of Use rates and it seems that customers would be  
3 better served if the Company would focus and direct its efforts toward successful education  
4 and deployment of those rates rather than new pilot programs at this time. Telling was the  
5 Company's question 6 in the confidential document attached to my Rebuttal Testimony  
6 within Schedule LAK-R-2 (Data Request Response 5017) in the quantitative research  
7 section entitled \*\*\*"\_\_\_\_\_ \*\* The Company felt the need to  
8 clarify to customers that \*\*\_\_\_\_\_

9 \_\_\_\_\_ \*\* The need to explain this on a customer survey demonstrates that such  
10 distinctions are confusing to customers.

11 **ADVANCED EASY PAY AND SUBSCRIPTION PRICING PROPOSALS**

12 **Q. What observations and concerns do you have about the Company's Advanced Easy**  
13 **Pay Pilot Program addressed by Ms. Winslow?**

14 A. Ms. Winslow defines the Advanced Easy Pay Pilot Program on page 24, lines 4 through  
15 10 of her Direct Testimony. I have numerous observations and concerns with the  
16 Company's AEP proposal for a pilot program at this time and for a program that may  
17 ultimately be adopted beyond the pilot stage. A listing of considerations for the  
18 Commission regarding the program are below as well as further discussion.

- 19 • AEP signals a profound and fundamental shift in the utility regulatory construct of  
20 customers first receiving service and then paying for it.
- 21 • The numerous requested variances to 20 CSR 4240-13 (Chapter 13) should give any  
22 regulator sufficient pause that AEP conflicts with Commission authorized utility  
23 authority that was vetted through a rule making process.
- 24 • Customers are presently paying for significant investments of CIS and AMI that can  
25 and should accomplish the goals of the AEP as described in Company testimony  
26 without a Pre-Pay requirement.

- 1           • There is already regulatory utility experience with Pre-Pay programs cited by the  
2           Company to serve as tested and vetted models, so there is no need for Evergy to perform  
3           its own pilot study.<sup>13</sup>
- 4           • The Company has significantly more work to do to educate its customers on the  
5           Company’s current rate plans with Company research demonstrating that \*\*\_\_\_\_ \*\* of  
6           customers \*\*\_\_\_\_\_
- 7           \_\_\_\_\_ \*\* 14
- 8           • Based upon the Company’s significant investments in AMI and CIS, Evergy customers  
9           currently should not have to have a “wait and see”<sup>15</sup> approach to understanding usage  
10          and cost. Those tools should be made fully available to customers now to afford them  
11          the knowledge they need to use energy in a manner appropriate for them and their  
12          budgets.
- 13          • The Company will accept payments at any time of any amount presently, multiple times  
14          a month, if budgeting and “payment flexibility and convenience”<sup>16</sup> is a key goal of the  
15          program and if such payment schedules are desired by its customers now.
- 16          • Long term, I cannot envision an informed customer base opting for such an advance  
17          pay program for necessary electric service that places them at risk of multiple service  
18          disconnections throughout the month with limited, if any, opportunity to challenge and  
19          no demonstrable benefit over what is or should be available to them now.

20           Above are several considerations for the Commission as it evaluates the pilot AEP that  
21           Evergy is proposing. The Company, at considerable expense of its customers, has all tools  
22           available to it presently to provide its customers with daily use energy information, bill status,  
23           projected bills, projected usage and other information. The AEP program is not necessary  
24           and purported goals of the program are achievable for customers today with the Company’s  
25           existing technological investments and opportunities provided to customers to “pre-pay” for  
26           service if that is their desire. This later point is further amplified below.

<sup>13</sup>Company Response to Office of the Public Counsel Data Request No. 5021.

<sup>14</sup>Company Response to Office of the Public Counsel Data Request No. 5017.

<sup>15</sup>Case Nos. ER-2022-0129 and 0130, Ms. Winslow Direct, page 27 lines 14 and 15.

<sup>16</sup>Case Nos. ER-2022-0129 and 0130, Ms. Winslow Direct, page 25 lines 17 through 19.

1 **Q. How do the benefits the Company provides regarding the Advanced Easy Pay**  
2 **Program contrast with what is or should be available to Evergy customers now?**

3 A. The Company’s response to Data Request 5022, Schedule LAK-R-3, demonstrates that the  
4 Company’s offered benefits within an AEP program are not unique and are what should be  
5 available to customers now. The Company’s response indicates that the AEP will “offer a  
6 more practical way for customers to view their account balance and understand how many  
7 days of power they have remaining versus viewing daily usage, predicting future usage,  
8 comparing to current rates and estimating a future bill amount.”

9 Examples from Ameren’s recent customer communication, presented in Schedule  
10 LAK-R- 4, includes total daily kWh usage as well as daily temperature, total daily cost and  
11 a projected bill based on usage. This type of customer information, absent pre-paying,  
12 should achieve the same goal for the customer to connect daily usage, temperature, and  
13 cost regarding their energy budget. A Pre-Pay program offered by a regulated electric  
14 company does not provide greater “customer convenience and budget certainty”<sup>17</sup> than any  
15 of the tools that should presently be offered by the Company including the type of customer  
16 communication indicated above or a budget billing program. Such information can achieve  
17 the same benefits Evergy identified in its response to Data Request 5022 without numerous  
18 required variances to Chapter 13. It is challenging to envision how paying upfront and in  
19 advance for a necessary, regulated service that serves a captive customer base can be  
20 interpreted as more convenient. Moreover, even if one *did* consider it more convenient,  
21 Evergy customers can already achieve that end without the need for this program.  
22 Customers today can prepay well in advance of receiving their bill, if that is their  
23 preference, and one or multiple payments within a billing cycle will then be credited to  
24 their next billing statement. Customers may even do this electronically if they so choose.  
25 Regarding educating the customer concerning their usage, bill, and budgeting, the  
26 Company has made more than sufficient investments to successfully achieve all those  
27 benefits today without introducing the proposed AEP program.

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<sup>17</sup> Company Response to Office of the Public Counsel Data Request No. 5022.

1 **Q. Does the Company currently offer the type of usage, temperature, total daily cost and**  
2 **project bill information to its customers as does Ameren?**

3 A. I am unsure at the time of this writing but, if not, it should be offering such information  
4 based upon the customer investments in the Company's CIS and AMI systems.

5 **Q. What is Chapter 13 and why does the number and extent of requested variances**  
6 **provide pause?**

7 A. All the Missouri Commission's rules are important and should be taken with the  
8 seriousness and regard in which they were developed and vetted through an open  
9 rulemaking process. The premise of Chapter 13 can be found in Missouri State Statutes at  
10 386.250(6):

11 To the adoption of rules as are supported by evidence as to  
12 reasonableness and which prescribe the conditions of rendering  
13 public utility service, disconnecting or refusing to reconnect public  
14 utility service and billing for public utility service. All such  
15 proposed rules shall be filed with the secretary of state and published  
16 in the Missouri Register as provided in chapter 536, RSMo., and a  
17 hearing shall be held at which affected parties may present evidence  
18 as to the reasonableness of any proposed rule;

19 The Missouri Commission has complied with the above legislative direction and  
20 their work is codified in the Chapter 13 which prescribes how public utility service should  
21 be rendered, the provisions by which it may be disconnected as well as refusals to reconnect  
22 service, and how service must be billed. The Company's AEP proposal is in direct conflict  
23 with all of these important customer prescriptions.

24 **Q. You indicate above that there is already regulatory experience regarding Pre-Pay**  
25 **programs. What specific utility programs did the Company review that resulted in**  
26 **the program benefits that it addresses?**

27 A. In response to OPC Data Request No. 5021 (Schedule LAK-R-5) the Company indicates  
28 that it reviewed the pre-payment programs of: Georgia Power, Salt River Project, Orlando



1 Utilities Commission, Baltimore Gas and Electric Company, and Duke Energy South  
2 Carolina. Of these utilities, only three are state regulated. Salt River Project and Orlando  
3 Utilities Commission are community based not for profit and a municipally owned utility,  
4 respectively. These later two utilities are not state regulated companies and that alters their  
5 points of comparison to Evergy.

6 **Q. Do you have any further thoughts regarding the Company’s proposal for a Pre-Pay**  
7 **program?**

8 A. Yes. Regulated electric service is a necessary service for life, health, and safety. Careful  
9 examination must be made of any proposal to alter the regulatory construct of customers  
10 first receiving service, being billed for it and allowed to examine the bill, and then paying  
11 the utility for the service billed. The rules governing billing and payment for electric service  
12 should not be taken lightly and, while the pilot is voluntary, concerns must be raised for  
13 customers who do not, like the **\*\*\_\_\*\*** mentioned in the survey above, know about their  
14 current individual rate plan and may not understand the full provisions of the AEP plan.  
15 The extensive required variances to Chapter 13, detailed in an 18-page attachment to Ms.  
16 Winslow’s Testimony and addressing approximately 30 separate Chapter 13 provisions  
17 that would need to be waived should the Pre-Pay proposal be granted, could be viewed as  
18 an attempt to rewrite this important Commission rule without the benefit of a rulemaking  
19 process.

20 **Q. How does the Company describe the Subscription Pricing Program?**

21 A. Ms. Winslow on page 21 lines 14 through 19 of her Direct Testimony provides the  
22 following description of the program: “The offer will provide residential customers with  
23 an entirely fixed monthly electricity bill based on the customer’s historical weather  
24 normalized usage. It also has several innovative features such as a simple, no risk financial  
25 incentive that rewards customers for limiting their energy use when enrolled in the offer  
26 and two optional add-ons that are designed to encourage adoption of smart thermostats and  
27 the purchase of renewable energy credits.” Mr. Hledik further addresses the Subscription  
28 Pricing program by saying the program provides customers with “a tailored and entirely

1 fixed bill for their electric service that is based on their historical usage and that monthly  
2 bill remains unchanged for a one-year term.”<sup>18</sup> He goes on to say customers do not face  
3 any true-ups or adjustment charges for that year and “in this sense, it is similar to the simple  
4 form of billing that consumers have become familiar with for services such as television  
5 and music streaming, gym memberships, and cell phone data plans.”<sup>19</sup>

6 **Q. What observations and reservations do you have about the Company’s Subscription**  
7 **Pricing Pilot Program addressed by Ms. Winslow and Mr. Hledik?**

8 A. I have numerous observations and reservations regarding the Subscription Pricing pilot. A  
9 listing of considerations for the Commission regarding the program are below and as well  
10 as further discussion.

- 11 • Customer detriment: from the Company’s own words: “On average, customers are  
12 expected to pay more under subscription pricing than they otherwise could under the  
13 standard rate.”<sup>20</sup> Please see Schedule LAK-R-6.
- 14 • Higher customer bills are in direct conflict with Company research that concluded  
15 \*\*\_\_\_\_\_\*\* regarding customer desires. Please see Schedule  
16 LAK-R-7.
- 17 • Substantial caution should be taken when comparing regulated electric service  
18 necessary for life, health, and safety to music streaming services, gym memberships,  
19 and cell phone plans. Such comparisons teeter on dis-service to captive customers that  
20 cannot choose nor abandon their electric provider in the same manner as a streaming  
21 service, gym, or cell phone service provider.
- 22 • Program “adders” (behavior usage adders, risk premium adders, and program cost  
23 adders) are unnecessary and are not in the interest of those customers who desire a level  
24 and predictable bill.
- 25 • A level pay tool already exists for Every customers.
- 26 • The 5% Behavioral Usage adder, returned to the customer as an “efficiency incentive”  
27 if usage does not increase is not an efficiency incentive if the customer’s prior electric

<sup>18</sup> Case Nos. ER-2022-0129 and 0130, Mr. Hledik Direct Testimony, page 5 lines 8 through 10.  
<sup>19</sup> Case Nos. ER-2022-0129 and 0130, Mr. Hledik Direct Testimony, page 5 lines 10 through 14.  
<sup>20</sup> Company Response to Office of the Public Counsel Data Request No. 5050.

1 use was inefficient. The customer changes no behavior to receive the “efficiency  
2 incentive.”<sup>21</sup> Such mischaracterization of the word “efficiency” sends customers an  
3 incorrect signal regarding efficient energy use.

- 4 • The Subscription Pricing Pilot is not “low risk” to customers as the Company states  
5 given that customers are projected to pay more than they normally would.<sup>22</sup>
- 6 • In qualitative and quantitative customer research, the Company promotes the  
7 Subscription Pricing Program as an “\*\*\_\_\_\_\_ \*\*”<sup>23</sup> energy plan, not as a budgeting  
8 tool or level pay plan. Please see Schedule LAK-R-2.
- 9 • There is no need to compensate the Company for any additional risk through a Risk  
10 Premium adder that would result in, on average, customers being expected to pay more.  
11 Customers already have an Average Pay option that achieves the same goals as the  
12 Subscription Pricing Pilot.
- 13 • Mr. Hledik’s testimony states that the participant’s bill would be “tailored” to each  
14 customer, however, according to Company responses to OPC Data Requests Nos. 8011  
15 and 8012, the weather normalization of customer’s usage would be based on Evergy’s  
16 “class-level” weather normalization (not individual customer weather normalized  
17 usage) and the same percentage risk premium adder will be used when calculating the  
18 subscription pricing offer for all customers.
  - 19 ○ Data Request Response 8011 “Evergy will use the established [class-level  
20 weather normalization] methodologies to weather normalize a customer’s  
21 historical usage in order to calculate the customer’s subscription pricing offer.  
22 Evergy’s class-level weather normalization methodology accepts as input the  
23 temperatures (heating-degree days and cooling-degree days) from the actual  
24 historical data as well a normal temperatures (based on an average of 30 years  
25 of historical temperatures).

<sup>21</sup>Case Nos. ER-2022-0129 and 0130, Mr. Hledik, Direct Testimony, page 15 lines 2 through 14.

<sup>22</sup>Case Nos. ER-2022-0129 and 0130, Mr. Hledik, Direct Testimony, page 24 lines 4 and 5.

<sup>23</sup>Company Response to Office of the Public Counsel Data Request Response No. 5017. See specifically

\*\* \_\_\_\_\_ \*\* and the \*\* \_\_\_\_\_

\_\_\_\_\_ \*\* used to interview \*\*\_ \*\* customers.

- 1                   ○ Data Request Response 8012 “The same percentage risk premium adder is used  
2                   when calculating the subscription pricing offer for all customers.”

3 **Q. How do the benefits the Company provides regarding the Subscription Pricing Pilot**  
4 **contrast with what is or could be available to Evergy customers now in the**  
5 **Company’s Average Payment Plan?**

6 A. The Company’s witness Mr. Hledik<sup>24</sup> provides these customer benefits regarding the  
7 Subscription Pricing Pilot:

- 8                   • Simplicity and Transparency  
9                   • Predictability  
10                  • Choice

11                  These are the same benefits offered to customers now through the Company’s Average  
12                  Payment Plan without customers bearing the risk of the various “Company risk  
13                  mitigation adders” proposed in the pilot. Ms. Winslow on page 21, line 16 of her Direct  
14                  Testimony addresses the no-risk financial incentive that rewards customers for limiting  
15                  their energy use but the Company’s qualitative and quantitative research was clearly  
16                  slanted toward **\*\*\_\_\_\_\_\*\*** energy use to demonstrate customer interest in  
17                  subscription pricing. I have concerns with the creation of long term, unrealistic  
18                  customer expectations of energy consumed in this manner and the diametric shift away  
19                  from the tenets of energy conservation, grid stabilization, resiliency, and that energy is  
20                  a finite and costly resource.

21 **Q. What comparisons can be drawn between the Company’s Average Payment Plan and**  
22 **the Subscription Pricing Pilot?**

23 A. The goal of a budget bill or average pay plan are the same goals purported by the Company  
24 for a Subscription Pricing Plan. Budget Billing or Average Pay provides predictability and  
25 consistency, and those goals are currently achievable by the customer and offered by the  
26 Company. Other than the probability of customers paying more under a Subscription

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<sup>24</sup> Case Nos. ER-2022-0129 and 0130, Mr. Hledik’s Direct Testimony, Page 6 and 7 lines 17 through 9.

1 Pricing program, any differences between the Subscription Pricing and the Company's  
2 Average Payment Plan are de-minimis. Opportunities to 'tweak' the company's Average  
3 Pay Plan may exist and the Office of the Public Counsel is open to and would welcome the  
4 opportunity to participate in such discussions.

5 For example, my understanding is that Evergy's current Average Pay Plan includes  
6 a monthly adjustment to reflect actual usage and the amount due may vary slightly month  
7 to month.<sup>25</sup> Ameren, by comparison, offers two budget billing options that permit the  
8 customer's energy bill to remain the same regardless of temperature and at the end of 12  
9 months the customer may pay or receive a credit for any difference in the cost of their  
10 energy for the year or may rollover any unpaid balance divided across 12 months.<sup>26</sup> Please  
11 see Schedule LAK-R-8. Evergy could do the same.

12 Evergy's webpage indicates it is "Evolving to create more savings, sustainable  
13 energy and solutions that meet your needs." The Subscription Pricing Program does not  
14 promote sustainable energy by creating the expectation that energy be consumed in an  
15 \*\*\_\_\_\_\_\*\* manner for a single price (plus adders). Attempting to compare regulated  
16 electric service to Netflix, music streaming, and gym memberships is akin to comparing  
17 apples to oranges, only the customer stakes are much higher. Such comparisons are, at  
18 best, mischaracterized particularly in light that Netflix, music streaming, and gym  
19 memberships are (1) competitive services; (2) not necessary for human existence, health  
20 or safety; (3) do not have the same infrastructure and environmental investments,  
21 requirements, and impacts; and (4) require only a fraction of a typical household budget  
22 than that of regulated electric service. For example, Netflix costing \$15 a month versus a  
23 potential cooling bill of 10 times that amount (\$150.00).

24 The idea and promotion of \*\*\_\_\_\_\_\*\* energy is contrary to: (1) the Public  
25 Utility Regulatory Policies Act (PURPA) of 1978 passed as part of the National Energy  
26 Act, (2) grid resiliency highlighted after the recent experience of Storm Uri, (3) the energy

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<sup>25</sup>Evergy's Average Payment Plan webpage.

<sup>26</sup>Ameren Missouri's Budget Billing Plan as Presented on Ameren's Website.

1 efficiency interest promoted by the Missouri Energy Efficiency Investment Act (MEEIA),  
2 and (4) the tenets supporting time-of-use rate designs and load shifting.

3 **INCOME-ELIGIBLE WEATHERIZATION (IEW) PROGRAM ANNUAL TRANSFER**  
4 **OF UNSPENT FUNDS TO DOLLAR-AIDE**

5 **Q. What is the Company's proposal in this case?**

6 A. As I read Ms. Winslow's Direct Testimony, page 65, lines 24 through page 68, line  
7 13 she is requesting two things regarding IEW funds: (1) to transfer \$1 million of unspent  
8 income eligible weatherization program funds to the Company's Dollar-Aide program and  
9 (2) to establish a process to annually roll-over excess funds to Dollar-Aide.

10 Ms. Winslow also highlights recent tariff changes in Docket ET-2022-0145 that  
11 were made to remove barriers to customer participation in weatherization. The Company's  
12 tariff changes demonstrate its commitment to assist community action agencies and Evergy  
13 customers toward successful weatherization programs and insure appropriate spending of  
14 ratepayer dollars. The tariff changes resulted in the following weatherization barrier  
15 removals: the ability to make home structural repairs, the ability to re-weatherize homes,  
16 limiting home income requirements, assistance for agency/staff support, electric service  
17 terms and energy usage minimum thresholds. Ms. Winslow goes onto state that the  
18 Company is excited to see how this revamped program runs in 2022 and beyond. The  
19 Company's tariff was approved by the Commission on December 22, 2021 and went into  
20 effect December 31, 2021. Ms. Kory Boustead of the Staff filed a memorandum on  
21 December 15, 2021, which detailed the Company's tariff changes and recommended  
22 approval of the changes to the Weatherization program.<sup>27</sup> The Staff recommendation is  
23 presented as Schedule LAK-R-9.

24 Given the Company's recently approved tariff to facilitate the spending of customer  
25 dollars approved in rates for weatherization the request to transfer \$1 million dollars of  
26 unspent weatherization funds seems premature. The Company has attempted to make

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<sup>27</sup>Staff Recommendation and Memorandum, Case No. ET-2022-0145.

1 improvements to allow the ease of spending by the agencies providing weatherization  
2 services to clients and I recommend providing time to observe how this may manifest.

3 With regard to the annual roll over of weatherization funds, I consider this to be an  
4 ill-advised proposal and further believe that each unspent year should be reviewed  
5 independently and with input and consultation of the agencies charged with spending the  
6 weatherization funds.

7 **BAD DEBT TRACKER**

8 **Q. What is the Company's support for a bad debt tracker?**

9 A. Mr. Ives states on page 15, lines 11 through 13 of his Direct Testimony that the reason  
10 Evergy is requesting a tracker for bad debt is that Evergy's accounts receivable balances  
11 have grown since the beginning of the Covid pandemic.

12 **Q. Does the OPC support a bad debt tracker for the Company and if not why not?**

13 A. No. The Office of Public Counsel has several reasons for its recommendation to  
14 not support a bad debt tracker for Evergy. First, a bad debt tracker may serve as a  
15 disincentive to perform and effectively manage its collection activity. Already, some may  
16 argue the Company has a disincentive to effectively perform credit collection practices  
17 effectively because bad debt is a component of the revenue requirement that the Company  
18 may receive from its captive customer base in rate case proceedings. As I understand in  
19 this case, the Company wants to establish a level of bad debt in the present case and defer  
20 any deviations from that amount into a regulatory asset with the deferral to be addressed in  
21 the next general rate case along with certain carrying costs. This would fully eliminate any  
22 incentive Evergy has to collect on the unpaid balances giving rise to that bad debt.

23 Secondly, the Company indicated in its response to Data Request No. 2193,  
24 provided as Schedule LAK-R-10, that receivable amounts for both Evergy Metro and  
25 Evergy Missouri West are the lowest they have been since May 2019. The Company  
26 indicates "the arrears that we are seeing as of April of 2022 is a positive sign on the surface.

1           However, the 'normal' trend is to see a spike in arrears levels during the winter months  
2           when disconnections for non-payment are limited.” Evergy did not see that spike in the  
3           2021-2022 Cold Weather Rule period – most likely due to the additional energy assistance  
4           funding available.<sup>28</sup> Receivables for April 29, 2022, are \$22,811,000 for Evergy Metro and  
5           \$11,866,000 for Evergy MO West. As compared to receivables of \$29,897,000 and  
6           \$12,269,000 for both Companies respectively as of May 3, 2019.

7           Additionally, in response to OPC Data Request No. 5043, the Company indicates  
8           that it voluntarily suspended collections and severance activities as it implemented  
9           Evergy’s Customer Forward project. This was the project that brought both legacy  
10          companies (KCPL and Westar Energy) onto the same CIS platform. The project went live  
11          on January 17<sup>th</sup>, 2021, and the Company resumed collection and severance events on April  
12          9th. Please see Schedule LAK-R-11. Such rare suspensions, conducted at the Company’s  
13          discretion, would create expected higher receivables as customers were not subject to  
14          collection or disconnection activities.

15          Bad debt is a normal part of utility Company management and operations. The  
16          Company has many avenues to address collection activities including the use of collection  
17          agencies, non-pay disconnections, and ultimately filing additional rate cases should bad  
18          debt increase substantially as the Company controls the timing and filing of its rate cases.  
19          A bad debt tracker is not necessary or advised in these cases.

## 20   **UNIVERSAL CUSTOMER SERVICE**

### 21   **Q.    What does the Company say about Universal Customer Service?**

22    A.    In Mr. Caisley’s Direct testimony, he states that universal customer service is an area of  
23          Company focus “meaning that customer service employees located in Wichita, Topeka,  
24          Raytown or Kansas City can handle any Evergy customer issue regardless of rate  
25          jurisdiction or state.” His testimony also indicates the Company “will be focusing on  
26          increased automation, increased digital external and internal functionality and streamlining

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<sup>28</sup> Company Response to Office of the Public Counsel Data Request Response No. 2193.



1 cross-functional customer service processes. These savings, in turn, will be used to fund  
2 or offset rate impacts of investment in the Company’s customer experience improvement  
3 strategy.”<sup>29</sup>

4 Mr. Caisley offers on page 6, lines 16 through 21, of his Direct Testimony that the  
5 Company will be “increasing focus on digital self-service to enable value added human  
6 interactions so that routine, repeatable service may be handled digitally through self-  
7 service and leave more time for Evergy employees to advise customers on the best  
8 outcomes for them – which could be renewable energy, rate choice, or energy efficiency  
9 programs” that may help them.

10 **Q. Does the Company indicate why it is focusing its efforts on customer digital self-**  
11 **service?**

12 A. While the Company indicates such movement is toward improving customer experience,  
13 one of the key drivers appears to be “Operational and Maintenance Efficiency and Cost  
14 Competitiveness” or more plainly stated: cost reductions.<sup>30</sup>

15 **Q. What “routine, repeatable service” is the Company planning to move to digital self-**  
16 **service?**

17 A. The question was asked in Office of the Public Counsel Dr. No. 2158 to which the  
18 Company replied that the testimony lines were a “general statement” that the Company  
19 was automating and digitizing routine and repeatable service functions. Further the  
20 Company’s response indicated that the statement spoke for itself and the data request was  
21 “way too broad and overly burdensome.” (Please see Schedule LAK-R-12).

22 In my opinion, it is reasonable to inquire of the Company regarding what appears  
23 to be a fundamental shift in the manner in which it addresses customer inquiries and needs.

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<sup>29</sup> Case Nos. ER-2022-0129 and 0130, Mr. Caisley Direct Testimony, page 7 lines 17 through 21.

<sup>30</sup>Case Nos. ER-2022-0129 and 0130, Mr. Caisley Direct Testimony, page 7 lines 10 through 12.

1 The Utility process and practice of handling customer questions is considered to be of such  
2 importance to the Missouri PSC a Commission rule exists that governs customer inquiries.

3 20 CSR 4240-13.040 (1) and (2) (A) through (D) specifically address utility  
4 procedures to ensure the “prompt receipt, thorough investigation and where possible,  
5 mutually acceptable resolution to customer inquiries.” Inquiries are defined within 20 CSR  
6 4240-13.015 (1)(T) as “a question or request for information related to utility charges,  
7 services, practices or procedures.” 20 CSR 4240-13.040 (2)(A) specifically states that “At  
8 all times during normal business hours qualified personnel shall be available and prepared  
9 to receive and respond to all customer inquiries, service requests, safety concerns, and  
10 complaints.” The rule goes on in section (2)(C) to state that “qualified personnel shall be  
11 available at all times to receive and initiate response to customer contacts regarding any  
12 discontinuance of service or an emergency condition related to the utility’s operations  
13 occurring within the utility’s service area” as well as that (D) “Names, addresses and  
14 telephone numbers of personnel designated and authorized to receive and respond to the  
15 requests and directives of the commission regarding customer inquiries, service requests  
16 and complaints shall be provided to the commission.”

17 **Q. What caution do you offer regarding the Company’s statements concerning**  
18 **movement to digital self-service and universal service?**

19 A. Diverting calls away from a regulated utility call center personnel to be handled by  
20 automation is not a new phenomenon but is one that should be approached with caution,  
21 careful control and communication with regulators and consumer advocates. “Call centers  
22 perform a critical function in utility operations as they provide the primary means for  
23 customers to contact their utility directly. Customers may require contact with their  
24 utilities for any number of reasons including: to initiate, discontinue, transfer or restore  
25 service, to report emergencies and service outages, to make inquiries regarding their bills,  
26 usage delinquent accounts and to make payment arrangements. During the winter months  
27 when the Commission’s Cold Weather Rule is in effect, call centers may actually be a “life  
28 line” for some customers who are nearing service disconnection and need to make  
29 alternative payment arrangements. As utilities have closed business offices that once

1 accommodated walk-in traffic and provided customer with a utility presence in their  
2 community, the role of call centers have become increasingly important as a primary point  
3 of contact.”<sup>31</sup>

4 Decades ago, utilities used local business offices to handle customer inquiries, take  
5 payments, process service orders, *etc.* As call centers became more commonplace and  
6 replaced local business office presence, technology advanced to include Integrated Voice  
7 Response Units (IVRs) that could provide automated menu options to customers to handle  
8 their needs. Later, call deferral technologies such as Virtual Hold or Call Back In- Que  
9 were deployed, allowing customers to receive a callback from the utility when call center  
10 staff were unavailable. Call deferral technology, in my opinion, should be used as a call  
11 peaking device, such as on Monday mornings when call volumes may spike. Call deferral  
12 technology, like “digital self-service” as seems to be proposed in this case<sup>32</sup> is not a  
13 substitute for trained and experienced Call Center personnel.

14 There are a number of reasons that customers call their regulated utility call center.  
15 The Company’s response to OPC Data Request No. 2159 provides the following in order  
16 of the most common reasons and/or purposes that customers call the Company:

- 17 1. Start, Stop, Transfer and other work orders
- 18 2. General customer inquiry
- 19 3. Bill Inquiries
- 20 4. Payments
- 21 5. Outages
- 22 6. Pay Arrangements

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<sup>31</sup> Case No. EC-2015-0309, Kansas City Power & Light Company, KCP&L – Greater Missouri Operations, August 21, 2015, Direct Testimony of Lisa A. Kremer, Schedule LAK-d2, page 15 of 93.

<sup>32</sup>Case Nos. ER-2022-0129 and 0130, Mr. Caisley Direct, Page 6, lines 18 through 21.

1           7.     Credit and Collection Activity

2           8.     New Construction

3           9.     Products and Services

4           Each of these reasons for customer contact to their regulated utility is important to  
5           that specific customer and each customer is entitled to a timely, thorough and accurate  
6           response to their needs. Many of the call types above are related to customers who need  
7           specific help. As indicated previously 27% of the Company's customer base is low-income  
8           and many of the reasons customers call the call center are because they are facing a concern  
9           or have questions concerning their bills, etc., as can be seen in the categories above: (1)  
10          bill inquiries, (2) payments (3) pay arrangements, and (4) credit and collections. Further,  
11          as indicated in my Direct Testimony, some customers may have difficulty in a "print  
12          culture" environment which communicates to customers that they can "read about it to  
13          learn" and "find the information on-line." This type of mentality for a necessary service  
14          such as electric service could be challenging for some customers if that is the direction the  
15          Company is headed. I believe the Commission should monitor and be informed of the  
16          types of calls the Company is attempting to 'shed' as it appears the Company may be doing.  
17          Evergy is a regulated electric service Company and service means meeting the needs of its  
18          customers with the customers defining what their own needs are.

19          Electric services provided by Evergy are necessary and when customers are in  
20          threat of disconnection or have had their services disconnected and are trying to be  
21          reconnected it is not a large leap to view that need as much as any other emergency. When  
22          needing an ambulance or fire department, most individuals are not going to log a request  
23          "on-line" but will dial directly. The Company indicated in response to OPC Data Request  
24          2179 that "customers generally prefer to find information and interact online." I believe  
25          that would depend greatly on the circumstances and the Company's request in this case for  
26          a bad debt tracker, its statements regarding climbing receivables demonstrates the  
27          Company's recognition that many of its customers are having difficulty paying their utility  
28          bills as well as the fact that 27% of the Company's customers are low income demonstrates

1 customer need for Company assistance that may exceed “on line” or “digital” guidance or  
2 solutions.

3 **Q. Staff witness Mr. Scott Glasgow indicates on page 3 of his Direct Testimony that Staff**  
4 **has noticed more Company calls are being handled by automation with fewer calls**  
5 **being offered to Customer Service Representatives (CSRs) and that CSR headcounts**  
6 **have declined.<sup>33</sup> What customer service concerns does this pose?**

7 A. The critical nature of regulated electric service demands that the utility is accessible by its  
8 customers. As local business offices have declined, call centers have become the “front  
9 door” to the utility and provide the human connection, problem solving, and assistance  
10 customers need. This explains, I believe, the importance of all of the aspects of utility call  
11 center performance. Caution should be given on cost-cutting measures that may go too far  
12 and too fast, particularly for elderly, low income, or other similarly situated customers who  
13 may not successfully transition to digital self-service, may not have reliable internet, or  
14 may be beset by other barriers such as reading comprehension. As indicated previously,  
15 The American Medical Association recommends patient education materials to be written  
16 at a 6<sup>th</sup> grade level. In my opinion, similar guidance should be adopted by regulated  
17 utilities.

18 When asked directly about the Company’s specific plans for such a digital  
19 transition the Company’s response was that it was a “general statement.” I recommend the  
20 Commission press the Company further on this important matter to ensure the Company’s  
21 accessibility by all of its regulated customer body as well as to inquire of its detection  
22 controls in place to ensure customers are not underserved in such a digital platform. In  
23 addition to apprising Staff, as Mr. Glasgow recommends “if and when the universal call  
24 center is implemented and provide Staff updates in Evergy’s quarterly meeting with  
25 Staff”<sup>34</sup> I recommend the Company file its Universal Service plan with the Commission  
26 including how it will ensure that such universal service plans will not result in diminished

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<sup>33</sup>Case Nos. ER-2022-0129 and 0130, Mr. Glasgow Direct, page 3 lines 4 through 8.

<sup>34</sup> Case Nos. ER-2022-0129 and 0130, Mr. Scott Glasgow Direct Page 8, lines 15 through 18.

1 service to Missouri customers and indicate what controls the Company will have in place  
2 to ensure adequate service to all of its regulated customer body. The Customer education  
3 component of universal service is also critical as those customers who are accustomed to  
4 speaking with a representative may be transitioned to an on-line experience. The Company  
5 has provided no details about its plans in response to the Office of the Public Counsel  
6 inquiries.

7 We know presently from the Company's own research that approximately  
8 **\*\*\_\_\*\*** of its customers do not know about the Company's rate plans with most  
9 customers admitting to knowing **\*\*\_\_\_\_\_\*\***<sup>35</sup>

10 There is much needed customer education now and movement to a digital platform will  
11 increase that need for customer information and knowledge.

12 **Q. Mr. Glasgow's Direct Testimony raises the matter of exposure to Missouri customers**  
13 **to Allconnect, Inc. in a Universal Service environment where Kansas customers are**  
14 **subject to Allconnect call transfers.<sup>36</sup> Allconnect was addressed in OPC Complaint**  
15 **Case EC-2017-0175 and Staff Complaint Case EC-2015-0309. Please comment on**  
16 **this portion of Staff's testimony.**

17 **A.** The Commission must remain diligent in a Universal Service environment to ensure the  
18 Commission's directives in the above complaint cases are followed, particularly in Case  
19 No. EC-2015-0309 where the Company was found to have been in violation of the  
20 Commission's Affiliate Transaction Rule. The forced transfer of Missouri calls without  
21 customer consent to a third-party to be sold unregulated products and services – for which  
22 the Company was financially compensated – was found to be a detriment to customer  
23 service.

<sup>35</sup> Company Response to Office of the Public Counsel Data Request No. 5017, Results of Question **\*\*\_\*\***.

<sup>36</sup>Case Nos. ER-2022-0129 and 0130, Mr. Scott Glasgow Direct Pages 7 and 8, lines 7 through 12, respectively.

1 **COMPANY PRIVACY POLICY**

2 **Q. In his Direct Testimony, page 4 lines 10 through 19, Mr. Lutz provides a status of**  
3 **Evergy’s rate case, Case No. ER-2018-0145, commitment to produce a privacy**  
4 **statement and frequently asked questions website section for customers regarding use**  
5 **of customer data. Do you agree that the Company fulfilled its commitment?**

6 A. Yes.

7 **Q. Do you have any additional recommendations regarding the Company’s Privacy**  
8 **Policy and the treatment of Customer data generally?**

9 A. Yes. First, the Company worked in a collaborative manner with the various parties to  
10 develop its Privacy Policy. However, upon further review, I recommend improvements be  
11 made. I also recommend reviving the Commission’s working docket of AW-2018-0393,  
12 In the Matter of the Establishment of a Working Case for the Writing of a New Rule on the  
13 *Treatment of Customer Information by Commission Regulated Electric, Gas, Steam*  
14 *Heating, Water, and Sewer Utilities and Their Affiliates and Nonaffiliates.* This  
15 recommendation stems from the importance to pursue the development of a customer  
16 information rule to provide clarity and consistency among all regulated utilities in their  
17 appropriate treatment of customer information.

18 Matters around customer privacy and the protection of customer data have become  
19 increasingly important. A recent article published by the Harvard Business Review,  
20 entitled “The New Rules of Data Privacy” (Schedule LAK-R-13) indicates that “countries  
21 in every region of the world have begun to treat personal data as an asset owned by  
22 individuals and held in trust by firms.” This guiding theme and principal that customer  
23 information is owned by the customer and “held in trust” by their regulated Missouri utility  
24 has strong merit and deserves consideration.

25 The changes I specifically recommend at this time for the Company’s Privacy  
26 Policy (Schedule LAK-R-14 and found on the Company’s website) include providing  
27 reference to the Missouri Public Service Commission’s rule reference 20 CSR 240-20.015

1 (2) (C) within the Privacy Policy section: **“When Do We Share Your Information.”**

2 That Commission rule states:

3 (C) Specific customer information shall be made available to affiliated or unaffiliated  
4 entities only upon consent of the customer or as otherwise provided by law or  
5 commission rules or orders. General or aggregated customer information shall be made  
6 available to affiliated or unaffiliated entities upon similar terms and conditions. The  
7 regulated electrical corporation may set reasonable charges for costs incurred in  
8 producing customer information. Customer information includes information  
9 provided to the regulated utility by affiliated or unaffiliated entities.

10 By providing the rule reference, the customer is made aware that there are rules by virtue of  
11 the Company’s status as a Missouri regulated utility that govern its treatment of customer  
12 information. These rules are unique and specific to regulated utilities.

13 Secondly, under the section: **Do we make changes to this Privacy Policy?** I suggest the  
14 Company notify customers when it makes changes and provide them a summary of those  
15 changes rather than putting the requirement or burden on the customer to check for updates  
16 to the Company’s policy. Customers may or may not know to check the policy, may not be  
17 able to check the policy, may have difficulty determining where the changes occur, etc. The  
18 data belongs to the customer and the Company is the steward of the customer’s information.  
19 The Company indicated in its response to OPC Data Request No. 5062 that it believes  
20 providing the effective date on its Privacy Policy is sufficient and its policy was last updated  
21 on March 11, 2022. Please see Schedule LAK-R-15. In my opinion, this is not sufficient,  
22 does not provide a good customer experience, and customers deserve and are entitled to  
23 more. The Company is inappropriately putting the responsibility on the customer to “check”  
24 the Company’s policy rather than assuming Company responsibility for notifying its  
25 customers.

26 Further, and in alignment with the above referenced Harvard Business Review article, I  
27 believe the Company should indicate clearly that it does not “own” customer information,  
28 but rather, that it simply “houses” the information on its own systems solely for regulated  
29 utility purposes. Customers should be aware that they retain ownership of their own  
30 information at all times, even when it is in Evergy’s possession.



1 **Q. What was the Company's response when asked as to its position regarding ownership**  
2 **of customer information?**

3 A. The Company, in response to OPC Data Requests Nos. 5034 and 5035, please see Schedule  
4 LAK-R-16, never affirmatively agreed or denied that it takes the position that it owns  
5 customer information but did indicate that it has responsibilities as an owner. I would offer  
6 that the Company has the responsibilities for customer information as a steward.

7 **Q. Why do you hold the opinion that the Commission should revisit AW-2018-0393 which**  
8 **appears to remain as an open docket?**

9 A. Definitions of what constitutes customer information were contemplated in the docket as  
10 well as provisions of the treatment of data by affiliate or third-party nonaffiliated entities.  
11 This latter area of review holds importance within utility organizational structures that  
12 include unregulated, marketing interests that may benefit and profit by receiving customer  
13 information held by regulated companies. Such benefit and profit may be known or unknown  
14 by the regulated customer. Further, given the importance of customer data protection, its  
15 market value, and unregulated affiliated and unaffiliated company relationships, a  
16 Commission rule that provides uniformity for all utilities regarding their treatment of  
17 customer data is warranted.

18 **Q. Do you have any other observations or concerns regarding the Company and customer**  
19 **data?**

20 A. Yes. The Company's Privacy Policy (referenced previously as Schedule LAK-R-14) has  
21 various tabs for customers to view with regard to the Company's treatment of their personal  
22 information. The tabs in particular below caught my attention beneath the broad heading:  
23 How We Use Your Information:

- 24 • Communicate with you about **products, services, offers, promotions, rewards**  
25 **and events we offer and provide news and information we think will be of**  
26 **interest to you;**

- 1           • Personalize and improve our websites, systems, and applications and **provide**
- 2           **advertisements, content or features that match user profiles or interests;**
- 3           • Process and deliver **contest entries and rewards;**
- 4           • **Link or combine with information we get from others to help understand your**
- 5           **needs** and provide you with better service and
- 6           • **Carry out any other purpose for which the information was collected.**

7           If all of the purposes above are for the provision of regulated utility service my concerns  
8           would be assuaged, but I am not sure of that at this time. Further and as is presented in  
9           Schedule LAK-R-14, the Company’s Privacy Policy, the Company indicates in the first  
10          bullet below the tab: “**When do we share your information with others?**” that it may  
11          share customer information with its “parent company, subsidiaries, and affiliates to the  
12          extent permitted by applicable law.” Unknown is how unregulated affiliates may treat and  
13          handle customer information.

14          The Company’s response to OPC Data Request No. 5060 indicates the Company may be  
15          using customer data in various marketing veins. The Company’s response to Data Request  
16          No. 5060, (which was in follow-up to the Company’s responses in Data Request Nos  
17          2070S, 5033S and 5034S) states:

18          Customer data is used to personalize and provide relevant messages, offers and content  
19          through the website and customer e-mail. Examples of customer data used in marketing  
20          include geography and 3<sup>rd</sup> party segmentation data through Acxiom, in addition to  
21          personalization on the website and through customer e-mail.

- 22          • Geographic data is used to determine eligibility before promoting relevant products and
- 23          program enrollments.
- 24          • Acxiom data is used to determine which products, programs and messages are most
- 25          relevant to customers.
- 26          • Personalization includes use of customer’s name, location, and some demographics to
- 27          align the most relevant context with customer interests.

28          The implication within the Company’s response above is that customer data could be being  
29          used in a manner or provided to other entities that is not in conformance with the provision  
30          of data to parties for the sole and explicit purpose of providing electric service. At the time

1 of this writing, OPC has submitted additional discovery to the Company to better  
2 understand where and how customer information may be flowing through the Company.  
3 In addition, the Company's response to OPC Data Request No. 5061, quoted from the  
4 Company's Privacy Policy posted on its website, indicates the following:

5 We may also combine the personal information that we collect with information we collect  
6 about you from other sources. For example, we may collect information about you from  
7 third parties, **including but not limited to**, identify verification services, credit bureaus,  
8 **mailing list providers**, and publicly available sources. We may combine that information  
9 with other information we collect about you.

10 The Company's need to use a third party to verify customer identity such a through  
11 a LexusNexis tool, or the need to contact a credit bureau is understandable and utilities  
12 have been using such tools for a long while. The Company's need to consult mailing lists  
13 regarding customer information poses additional questions. The Company's response to  
14 OPC Data Request Nos. 5060 and 5061 is provided as Schedule LAK-R-17. The OPC is  
15 awaiting further discovery of this topic and I may update my position in surrebuttal  
16 testimony.

17 **AWARENESS OF INHERENT CONFLICTS WITHIN MR. CAISLEY'S POSITION**  
18 **DESCRIPTION AND EVERGY ROLES AS CHIEF CUSTOMER OFFICER AND CHIEF**  
19 **MARKETING OFFICER**

20 **Q. With regard to Mr. Caisley's stated need to "modernize the regulatory construct**  
21 **around customer service and advocate for needed policy changes<sup>37</sup> as well as matters**  
22 **concerning customer data and data privacy, are there any other observations you**  
23 **would like to offer the Commission?**

24 **A.** Yes. First, OPC Data Request No. 2166 inquired of Mr. Caisley as to what was intended  
25 by his statements regarding the need for policy changes and to modernize the regulatory  
26 construct. Mr. Caisley indicated those matters had been filed in the current rate case and  
27 pointed generally to the rate design proposals made by the Company. I am assuming the

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<sup>37</sup>Case Nos. ER-2022-0129 and 0130, Mr. Caisley Direct Testimony, page 7 lines 8 and 9.

1 proposals of PrePay and Subscription Pricing are part of such rate design proposals as they  
2 would require numerous variances to Chapter 13 to implement even as pilot programs.  
3 These proposals step out of the current regulatory construct of requiring customers to pay  
4 before receiving service and charging customers a premium for a level bill that for all  
5 general purposes is currently available now to customers.

6 I believe it is important to acknowledge Mr. Caisley's position description provided in  
7 response to OPC Data Request 2143 and presented as Schedule LAK-R-18. Here the  
8 Company indicates that Mr. Caisley's position:

9 shall provide leadership for establishing the strategic direction for customer  
10 engagement and experience, digital customer experience, brand curation,  
11 reputation management as well as **regulated and non-regulated products and**  
12 **services**. This position is responsible for integrating technology solutions to  
13 enhance customer experience and engagement, designing performance metric  
14 requirements, identifying customer requirements/expectations, **conducting and**  
15 **utilizing customer research, creating and utilizing data management and**  
16 **analysis**, implementing projects and managing processes to ensure top tier  
17 customer satisfaction, as well as implementing continuous improvement projects  
18 that advance the company's overall effectiveness, efficiency and customer  
19 experience.

20 This description demonstrates an inherent conflict of position duties whereby Mr.  
21 Caisley is required to serve the regulated utility as its Chief Customer Officer but at the  
22 same time provide strategic direction for non-regulated products and services as well as to  
23 use customer research and data management in the goals and interests of both roles. The  
24 opportunity to favor unregulated interests in lieu of regulated customers is concerning.

25 In summary, Mr. Caisley and the Company have provided the Commission a  
26 foretelling of fundamental shifts as to what they believe should "modernize the regulatory  
27 construct around customer service and advocate for needed policy changes."<sup>38</sup> I believe  
28 the Commission should require the Company to demonstrate deficiencies in the current  
29 "regulatory construct" and the need to "modernize" and to make "policy changes" to that  
30 construct. The numerous variances the Company has proposed to Chapter 13 in its rate

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<sup>38</sup>Case Nos. ER-2022-0129 and 0130, Mr. Caisley Direct, page 7 lines 8 through 9.

1 cases, – the rules that prescribe service and billing for residential customers that also  
2 address the important service aspects of handling of customer inquiries, should be carefully  
3 considered. The existing Chapter 13 rules are the “customer safety-net rules” that have  
4 been developed through hours of thoughtful stakeholder meetings and vetted through the  
5 Commission and the rate making process. Questions have further arisen in this case  
6 regarding customer information, and I am attempting, through further discovery, to  
7 determine if any concerns should be brought to the Commission’s attention.

8 **Q. Does this conclude your testimony?**

9 **A.** Yes.