

**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 RESPONSE TO STAFF’S CONCERNS, FEEDBACK, AND
REQUEST FOR ADDITIONAL INFORMATION**

COMES NOW, Evergy Metro, Inc. d/b/a 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”) in response to the Missouri Public Service Commission Staff (“Staff”), *Response to March 28, 2023 Presentation and Requests for Additional Information* submitted on April 14, 2023, respectfully states as follows:

I. BACKGROUND

On December 21, 2022, the Missouri Public Service Commission (“Commission” or “MPSC”) opened this working case (File No. EW-2023-0199) to allow stakeholder collaboration with the Company related to the details of Evergy’s Time-of-Use (“TOU”) mandatory rate implementation plan. The Commission ordered Evergy to file a status report addressing the operations, communications, and expectations of the workshop no later than January 17, 2023.

On January 17, 2023, Evergy filed its status report stating that the Company had been working diligently to implement the approved rates through system configuration, testing and other critical preparation. The Company shared that the implementation plan for the mandatory TOU and optional rates is focused on customer education and understanding, implementation of digital tools and system enhancements, and development of effective processes that will yield customers’

smooth transition to new rates. Evergy offered to hold an initial workshop with stakeholders in March; at a minimum, engage with stakeholders in a second workshop in May; and that it would be amenable to further stakeholder workshops and/or Commission presentation prior to October 2023.

On March 28, 2023, the Company held its initial workshop with stakeholders. As stated in the Status Report, the purpose of the March 28, 2023, workshop was to share relevant TOU related practices and observations from other utilities; provide an update on Evergy's completed and planned implementation activities; and to solicit ideas and capture feedback from stakeholders to help inform Evergy as it was continuing to build on its plans.

As such, Staff provided concerns and feedback from the initial workshop that Evergy is responding to herein. Evergy appreciates the comments and feedback it has received from its stakeholders and welcomes the opportunity to further consider and incorporate stakeholder suggestions as appropriate as the Company continues to develop its default TOU implementation plan.

Evergy's next TOU workshop will be held in-person on May 23, 2023, from 10:00 am to noon at the Governor's Office Building in Jefferson City, MO. As indicated in the January 17, 2023, Status Report, the Company intends to share a firmer plan with milestones, as well as a continued update on implementation activities during the May workshop. The Company looks forward to continuing productive engagement and collaboration with Staff, OPC, and other interested parties.

II. STAFF CONCERNS AND FEEDBACK

1. *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.*

RESPONSE: We agree with Staff's suggestion and approach that the default TOU rate and the TOU rate options should be presented in customer education material. Evergy will create an education campaign that is designed to help customers understand the default TOU rate, enable success to manage their usage and bill, and share other TOU rate options. This approach will empower the customer to choose a rate option that best fits the customer's lifestyle. We believe that prior MPSC orders and Commissioners' comments also support this approach. We appreciate and understand Staff's concerns about possible message distraction, and we will strive to develop a campaign that will minimize distraction to customers and that will support and balance the default rate and rate choice.

Based on discussion and feedback from Staff and OPC during the March 28, 2023, workshop, Evergy has determined that it will modify its proposed timeline to begin communicating with customers regarding the default rate.

Evergy will bring forward its education campaign launch by approximately two months beginning in June. Evergy's TOU education strategy, objectives and campaign phases and timeline are detailed in Attachment A. Evergy will provide more detailed information regarding Attachment A on May 23, 2023.

- a. *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.”*

RESPONSE: Evergy agrees that on bill messaging is a tactic that can be utilized for its customer education plan. As shown in Attachment A, on bill messaging will be used for generalized messaging about the mandatory TOU rate change, and it will provide more information to the customer to learn more about the mandatory TOU rate change and other TOU options.

- b. *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.”*

RESPONSE: Evergy believes that Staff’s suggestion is that Evergy implement shadow billing on the customer bill. As a result of Case Nos. ER-2018-0145, ER-2018-0146 Non-Unanimous Partial Stipulation and Agreement Concerning Rate Design Issues (“2018 Rate Design S&A”), Evergy has presented industry best practices to stakeholders and do not agree that using the customer bill for shadow billing is the best option to educate customers on bill impact under a different rate.

In the 2018 Rate Design S&A, Evergy agreed to and completed a business case that evaluated shadow billing for the implementation of its optional 3-period TOU rate. The business case included industry research on traditional shadow billing approaches, goals of shadow billing, best practices and pitfalls. This research was presented to stakeholders. Understanding the

advantages of shadow billing allowed Evergy to establish goals and criteria to evaluate customer education options.

Evergy recommended a shadow billing approach that included three tools - Rate Education Reports, Online Rate Analysis Tool, and Post-Enrollment Rate Coach Reports, rather than utilizing the customer bill for shadow billing. These tools are delivered strategically and cohesively to customers today (and have been since 2019) to provide personalized information that allow customers the ability to better make decisions on managing their energy. This shadow billing strategy formed the foundation for Evergy's previous TOU engagement strategy, and Evergy plans to continue to build on these tools to implement the mandatory default TOU rate.

3. *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.*

RESPONSE: The analyses that Brattle presented at the March 28, 2023, was invaluable for Evergy and stakeholders to begin understanding the default TOU bill impact on space heating customers and vulnerable customers. These analyses are foundational for the Company to understand how it should educate these customers. Additionally, Staff has identified net metering customers as a group to provide specialized messaging. Evergy agrees that additional education and touchpoints will be needed to support some customer groups (like space heating, vulnerable and net metering customers) and, Evergy has added this to its campaign plan and approach. The Company appreciates the suggestion and looks forward to discussing this specialized messaging further at the at the May 23, 2023, workshop.

4. *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.*

RESPONSE: Slide 22 was shared by Brattle and its observations are based on research and interviews with other jurisdictions. As stated on Slide 21, Brattle was not presenting Evergy's

TOU transition plans. Evergy is evaluating these observations holistically. The Company acknowledges the concern and will address the topic further at the May 23, 2023, workshop.

5. *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.*

RESPONSE: In the Amended Report and Order in Case Nos. ER-2022-0129/0130, the Commission ordered Evergy to submit quarterly reports detailing the types and amounts of any education and outreach expenses deferred that Evergy will seek to recover in its next rate case.

In its January 17, 2023, Status Report, the Company stated that it would submit a quarterly report beginning May 31, 2023 (for the period January 1, 2023 through March 30, 2023) and August 31, 2023 (through June 30, 2023); November 30, 2023 (through September 30, 2023) and February 29, 2024 (through December 31, 2023).

Evergy will be diligent and prudent in its incurrence of costs and expenses, and Evergy appreciates that the Commission provided this mechanism as an option for recovery of costs as Evergy builds its systems to implement the mandatory TOU rate and the optional rates, develop its education campaign and prepare its employees this significant change. It is Evergy's benefit to ensure that the Commission and stakeholders are provided detailed, but not burdensome, descriptions of expenses and costs.

Evergy would also offer that the words "marketing" and "education" have been used interchangeably and conflated during the rate case and subsequently. Evergy will promote (market) the mandatory TOU rate and choice to its customers. Evergy will also provide instruction (educate) to its customers regarding the mandatory TOU rate and choice. It will be important for the customer to understand the rate impact of the default rate upon conversion to that mandatory rate (as applicable). It will also be important for Evergy to share how a customer may mitigate

energy usage and bill impact, which could be through selection of different (optional) TOU rate and/or behavior changes. The education plan that is shown in Attachment A provides greater detail on Evergy's education strategy and this will be further shared with stakeholders on May 23, 2022.

Given the approach is to educate customers about their options, including default rate and other options, Evergy will not be able to break out costs for the customer education, tool development and implementation, etc. All costs are inclusive of the TOU education effort and as stakeholders have discussed, it is important to provide the customer with options, including default and other options. For example, print or electronic communication may educate customers simultaneously about the upcoming default TOU rate, while in the same communication give customers information regarding other rate options available to them. This will highlight both the impending change to rate design, as well as educate on options the customer might have. Since the marketing effort and the materials themselves, including rate modeling within the customer portals, are being done as a collective effort, the costs are not subdivided into categories of spending for education on default rates verses education on options. Rather, all or nearly all education will contain both the notification of the default rate change AND resources and education for customers to pick another rate (or option) that works for them.

III. STAFF REQUEST FOR SUPPORTING AND ADDITIONAL INFORMATION

6 *Please provide information on the timing and expected cost of each suggested content item described in numbers 2-4 of Staff's Comments.*

RESPONSE: Stakeholder feedback from the March 28, 2023, workshop was important and as a result, Evergy modified its proposed timeline. Evergy has brought forward its education campaign launch by approximately two months, beginning in June. Evergy's TOU education strategy, objectives and campaign phases and timeline are detailed in Attachment A. Evergy is

finalizing its projected campaign costs and will provide more detailed information on May 23, 2023.

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

RESPONSE: Evergy is working to develop the rate plan names that will be used in the education campaign. Evergy will be prepared to share the rate plan names during the May 23, 2023, workshop.

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

RESPONSE: Stakeholder feedback from the March 28, 2023, workshop was important and as a result, Evergy modified its proposed timeline. Evergy has brought forward its education campaign launch by approximately two months, beginning in June. Evergy's TOU education strategy, objectives and campaign phases and timeline are detailed in Attachment A.

Evergy is developing its education and engagement plan and materials, incorporating feedback provided at the workshop, and will be prepared to share with stakeholders on May 23, 2022.

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

RESPONSE: The workpapers for the bill impacts analysis are provided in the file “Attachment E_Final Bill Impact Workpaper for Missouri Metro and West - (4.24).xlsx”

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

RESPONSE: Brattle conducted the interviews in a previous engagement for a different client and did not tell the interviewees that their responses would be attributed to them or their company. Therefore, Brattle cannot provide detailed interview materials. However, Brattle has assembled public materials related to some of the TOU rollouts. Those materials are provided in file “Attachment F_TOU Materials.zip”.

The California utilities were required to file periodic progress reports on residential rate reform, of which the default TOU rollout was a part. The “Attachment F_TOU Materials.zip” file contains examples of three such reports. The full history of filings and documents are available on the California Public Utilities Commission website under the same docket number.

Additionally, Brattle noted that SMUD publishes periodic reports on the company’s rate reform initiatives, including its TOU rollout. Those reports can be found at:

<https://www.smud.org/en/Corporate/About-us/Company-Information/Reports-and-Statements/GM-Reports-on-Rates-and-Services>

11. *Provide workpapers for the budget estimates at page 24.*

RESPONSE: Please see the response to the previous question (Question 10). The budget estimates on page 24 of the deck presented on March 28, 2023, are from the confidential interviews. However, the public materials provided in response to the previous question (Question 10) include information on TOU transition costs of the utilities.

12. *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.*

RESPONSE: In terms of digital rate education readiness, Evergy has benefited from a significant time advantage by having the core technical infrastructure and integrations established with Evergy’s technology partner. This foundation enabled Evergy to hit the ground running and significantly reduce the time from conception to production readiness as compared to if Evergy had had to build and implement the entire core infrastructure from scratch upon receiving the order.

It is important to understand the process and timing of enabling highly personalized rate education through digital tools, including the Online Rate Analysis Tool, even when core functionality and integrations exist. The process includes, but is not limited to, the following tasks:

- Evergy must develop the business requirements for each rate, followed by building each rate and testing them in CCB.

- Evergy must provide technical rate information to technology partner through technical integrations.
- Evergy must develop rate education content for each modeled rate and share with technology provider.
- Evergy must make any required user interface changes, like widget upgrades, for example, to support applicable rates.
- Technology provider
 - Configures rate(s) in their rate engine
 - Configures rate education content
 - Performs modeling
 - Tests rate configuration, modeling and content configuration
- Evergy
 - Writes and executes test cases to quality assure all the above
- Evergy and Technology Provider
 - Migrate all applicable code to production

When all core functionality and integrations are established, this entire process from start to finish takes on average 16 weeks.

Regarding specific changes Evergy is making to the Online Rate Analysis tool, Evergy is upgrading the Online Rate Analysis Tool to the latest version and adding six new modeled rates to the tool. Evergy is targeting production readiness in June 2023. The six new modeled rates include:

- Residential TOU 2-Period Rate, rate codes 1RTOU2 and MORT2
- Residential Peak Adjustment Service, rate codes 1RPA and MORPA
- Residential High Differential TOU, rate codes 1RTOU3 and MORT3

Evergy's existing 3-period TOU rate (rate codes 1RTOU and MORT) was updated to reflect approved rate pricing in accordance with the rate case order. These rate codes are modeled and are in production for customer use.

As customers choose their TOU rate (default or optional), and as Evergy transitions remaining customers to the default TOU rate (excluding non-eligible customer segments like net

metering, parallel generation, net metering, and solar subscribers), existing standard and electric heat rates (rate codes 1RS1A, 1RS6A, MORG and MORH) will be decommissioned from the Online Rate Analysis Tool.

To further enable digital rate education, Evergy is also modeling the Residential Separately Metered EV Time of Use rate (rate codes 1RTOUEV and MORTEV) so that customers can see costs on this rate in digital tools (such as Data Browser, Bill Forecast and other functionality reliant and/or enhanced by modeled rates). This rate will not be included in the Online Rate Analysis Tool since it only applies to separately metered situations and there is no rate to compare. Evergy is targeting production readiness of this rate in digital tools in the Fall 2023.

The costs of these changes will be addressed in Evergy's quarterly reports.

13. *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.*

RESPONSE: At a minimum, anticipated changes to call center staffing/training include the following:

- Train current customer service representatives (“CSRs”) on the default and optional rates, transition plans, education campaign and messaging, and new digital tools (when available).
- Train new TOU-focused CSRs to be fully dedicated to answering questions and assisting customers through rate education, rate selection and/or rate transition. Similar to Evergy's 3-period TOU launch, Evergy will offer a dedicated toll-free number for TOU questions, or a customer may also opt to reach a TOU-focused CSR through the IVA. This will be especially important to offer this option for vulnerable customers.

- Additional training resources will be needed to assist with these specialized training efforts.
- In addition to the contact center, other areas of Evergy will also need to be trained on the mandatory and optional TOU rates, processes, and tools. These groups include, but are not limited to, the billing team, Evergy’s Connect facility employees and other support teams.

The Company will update stakeholders on this plan and provide more timeline and cost detail on May 23, 2023.

14. 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.

RESPONSE: Evergy is identifying and documenting specific changes to the billing system to implement the mandatory TOU rate, beginning in October 2023. The business and system requirements are developed holistically, and costs cannot be determined or calculated separately by each requirement.

For illustration, below are billing system items that have been scoped for completion:

- Configure the billing system to accommodate the 2-period default rate for residential customers where appropriate (premise details may dictate other default options such as net metering, non-AMI, parallel generator, or low-income solar subscription customers).
- Develop a tool to transition customers by billing cycle that will preserve their account information such as payment arrangements, budget billing, and other impacting characteristics.
- Build the functionality to allow customers to change their rate through self-service channel via the web.
- Enhance appropriate data feeds and structures to support the new rates for customer rate compare tools.
- Build reports to manage the transition process to ensure customers are on correct rates based on premise details.

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

RESPONSE: Stakeholder feedback from the March 28, 2023, workshop was important and as a result, Evergy modified its proposed timeline. Evergy has brought forward its education campaign launch by approximately two months, beginning in June. Evergy's TOU education strategy, objectives and campaign phases and timeline are detailed in Attachment A. Evergy is finalizing its deployment plans and will provide more detailed information on May 23, 2023.

16. *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.*

RESPONSE: Evergy has provided RFP materials in Attachments B-D. These attachments are Confidential and include:

- B - Request for RFP document
- C - RFP response received from 7 bidders
- D – Evergy score sheet

Evergy is under a nondisclosure agreement (NDA) with each of the 7 vendors who submitted a proposal and therefore all materials are labeled Confidential.

17. *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.*

RESPONSE: See Response 5 above.

18. *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.*

RESPONSE: Due to the magnitude, scale, timing, and significance of the mandatory TOU education campaign, Evergy recognized the importance of collaborating with an experienced and well-resourced agency to help it execute the education plan. Using an external

agency was also supported by OPC's Geoff Marke in his rebuttal testimony on Evergy's recent rate review (OPC Witness Geoff Marke, Rebuttal Testimony, page 15, lines 17-25).

To this end, Evergy has adopted a hybrid approach to blend its in-house marketing team's expertise with an external agency partner.

Although Evergy's in-house marketing team will lead the campaign, certain additional skill sets can be more cost-effective when outsourced to an agency. For instance, an agency can utilize the collective budgets of their clients, providing their clients with greater purchasing power for paid media and thereby securing more favorable pricing and better media placements. Additionally, the agency will provide extensive creative content across communication channels, including paid media channels and owned channels. Evergy believes an outside viewpoint can also be helpful when developing a plan that will have such a major impact on customers.

Evergy will rely on the agency partner for such capabilities as:

- Media Planning/Buying
- Video Creative and Production
- Mass Media Creative and Production
- Digital Media Creative and Production
- Search Engine Optimization
- Mass Media Campaign Measurement and Reporting

WHEREFORE, Evergy Missouri Metro and Evergy Missouri West respectfully submit this response to Staff's concerns and request for additional information concerning the Company's TOU workshop held on March 28, 2023.

Respectfully submitted,

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CERTIFICATE OF SERVICE

I hereby certify that the above document was filed in EFIS on this 26th day of April 2023,
with notification of the same being sent to all counsel of record.

/s/ Roger W. Steiner

Roger W. Steiner