

**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 ) **Case No. ER-2022-0129**  
Service )

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

**EVERGY MISSOURI METRO’S AND EVERGY MISSOURI WEST’S  
RESPONSE TO STAFF’S MOTION FOR CLARIFICATION AND  
MOTION FOR EXPEDITED RESPONSE**

**COME NOW**, Evergy Metro, Inc. d/b/a Evergy Missouri Metro (“EMM”) and Evergy Missouri West, Inc. d/b/a Evergy Missouri West (“EMW”) (collectively, “Evergy” or “the Company”) and, for its *Response* (“Response”) to Staff (“Staff”) for the Missouri Public Service Commission’s (“Commission”) *Request for Clarification and Motion for Expedited Response* (“Motion”) please see the Company’s detailed responses in **Attachment A** to this Response.

**WHEREFORE**, the Company submits its Response and respectfully requests that the Commission consider its Response.

Respectfully submitted,

*/s/ Roger W. Steiner*

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**Attorneys for Evergy Missouri Metro and  
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**CERTIFICATE OF SERVICE**

I hereby certify that a true and correct copy of the above and foregoing document was served upon counsel for all parties on this 5<sup>th</sup> day of December 2022, by either e-mail or U.S. Mail, postage prepaid.

*/s/ Roger W. Steiner*

Roger W. Steiner

Evergy has reviewed the Motion for Clarification filed by Staff on December 2, 2022 and offers the following comments as clarifications and additional information for the Commission to consider in addressing the issues raised by Staff. Evergy will utilize the topic headers included in the Staff Memorandum to align these comments.

**Intra-Season Design of default 2-part ToU rate structure**

1. The intra-season design provided occurs because the design of the 3-period and the 2-period rates are integrated. The design is completed such that the pricing for the periods is consistent between the TOU variations. When seeking to make the consolidated design revenue neutral, the peak differential vary slightly from the 4:1 and 2:1 goal described by Ms. Winslow. Evergy supports pricing consistency between the 2-period and the 3-period rates as it will aid customer education and support customer understanding of the TOU pricing mechanics. Evergy therefore requests the Commission clarify that the Evergy 2-period rates be designed to maintain alignment between the 3-period and 2-period Peak and Super Off-Peak rates as provided in Evergy’s compliance tariffs filed in this case. The following table further details the expected relationships.

	3-Period		2-Period	
	Missouri Metro		Missouri Metro	
	Summer	Winter	Summer	Winter
Peak	0.34632	0.17316	0.34632	
Off-Peak	0.11544	0.10033	0.10338	0.11278
Super Off-Peak	0.05772	0.05772		0.05772
	Missouri West		Missouri West	
	Summer	Winter	Summer	Winter
Peak	0.27276	0.13638	0.27276	
Off-Peak	0.09092	0.08040	0.08393	0.08895
Super Off-Peak	0.04546	0.04546		0.04546

**Residential Customer Charges**

2. Evergy would like to clarify that the two tariffs that deviate from the Commission ordered \$12 customer charge are specifically the two-meter rate with a customer charge of \$14.43 (\$12 plus \$2.43 for the second meter) and \$16.62 for the frozen Time of Day rate. The two-meter

rate incorporates the \$12 amount as ordered but includes an additional amount for the costs of the second meter. The Time of Day rate is a predecessor of the TOU designs, implemented prior to the adoption of AMI metering. To facilitate this rate, specialized metering was used resulting in a higher customer charge.

3. Consistent with treatment from prior Commission orders, Evergy requests the Commission to clarify that the two-meter customer charge be set at \$14.43 and the frozen Time of Day rate be set at \$16.62 while all other residential tariffs reflect the \$12 customer charge. This clarification will appropriately differentiate the customer charge for the two-meter and frozen Time of Day tariffs acknowledging the different metering requirements.

**Item 2, rates available to customers prior to June 6, 2023**

4. Evergy proposed consolidations expected that customers would be move once, in conjunction with the outcome of this rate case. Given the Commission’s order to transition customers to TOU rates in June, without Commission clarification the proposed consolidation would mean many customers would be moved twice in that time frame. Evergy is concerned that multiple rate changes in a relatively short period of time will create customer confusion and customer discontent. To avoid this negative impact, the Company would request Commission clarification that the identified consolidations in Staff’s clarification request be made at the time of the customer shift to mandatory TOU rates. With this clarification request, Evergy seeks to limit unnecessary rate changes and the potential for customer confusion and discontent.

**Default rate schedule customers currently served on the 3-part ToU Rate schedule after June 6, 2023**

5. Evergy supports clarification from the Commission to allow customers who have selected TOU rates prior to the mandatory TOU transition be allowed to stay on those rates and not be moved to the mandatory TOU default rate. The stated goal of the Commission, which Evergy

acknowledges and supports, is to have residential customers on the TOU rates. Customers choosing to move early should be allowed to remain on their selected TOU rate.

**Default rate schedule after June 6, 2023 for net metering customers, customers without AMI meters due to opt-out of AMI metering, and customers without AMI meters due to technological barriers**

6. Evergy contends that at the time of transition to mandatory TOU default rates, all net metering customers are required to be served under the Staff low-differential rate and at this time must be excluded from the 2-period and other optional TOU rates until the evaluation of barriers report approved in the August 30, 2022 Stipulation may be completed.

7. Evergy would inform the Commission that the remaining the non-opt-out customers reflect customers who must make repairs to their meter bases or service entrances to allow for the AMI metering change out. Given the outcome of this case, the Company will escalate efforts to have customers complete the repairs and complete the exchanges by the transition date to mandatory TOU default rates.

8. As for customers exercising their option to opt out of AMI metering, Evergy is able to install AMI-style meters with radio equipment disabled, allowing the Company to download meter reads capable of supporting TOU billing. Evergy will make all reasonable efforts to complete this work before the mandatory TOU default rate deployment. However, it should be stated that customers opting out of AMI have already expressed their disapproval of the AMI technology and have gone to great lengths to preserve non-AMI metering. Taking this fact into consideration, Evergy supports the Staff suggestion that the Residential General Use (non-Space Heating) rate remain available for customers without AMI meters. Although as noted, the Company will take additional steps to deploy AMI metering equipment to all customers, having the Residential General Use rate available, only for non-AMI customers, would allow the Company to avoid provoking customers

who have already opted out of AMI metering and would allow the Company to continue to bill customers with unforeseen issues with installing AMI metering.

**Inter-Season Design of Residential Rates**

9. Evergy supports clarification of the design to be applied to its rates but does not agree in whole with the details offered in the Staff Motion. Evergy believes it is clear that the Commission wishes to move forward with a bold change to the Evergy residential rate designs. As part of this change the Order is clear that the Commission was informed of the impact of the rate designs, but chose to move forward to achieve other Commission goals.

10. With this in mind, Evergy offers the following observations for consideration by the Commission on this matter:

**A Change in Customer Usage and Behavior is Expected from the Implementation of High Differential Default TOU Rates and Revenues Will Be Impacted**

11. TOU rates are designed to be cost based (higher priced during higher-cost times, lower priced during low-cost times) and send price signals to participants to encourage a change in behavior and shift usage.

12. The Commission acknowledged that higher differential TOU rates will send price signals to customers that could and likely will change customer behavior/usage. Changes in customer behavior and usage based on reaction to price signals built into higher differential TOU pricing is an expected outcome and result.

13. If customers are able to achieve the benefits of TOU and shift their usage to lower cost times, there may be a cost AND a revenue impact to the Company. Given the current rate structure in which fixed and variable costs are embedded in the \$/kwh (energy usage), reductions in the collection of revenue through the energy charge that will result from changes in behavior will almost certainly impact the Company’s ability to collect its necessary fixed costs and approved revenue requirement.

14. As a result, Evergy believes the Commission fully expects that future usage and in turn, seasonal determinants and revenues will change when compared to today's seasonal determinants and revenues that are based on determinants utilizing traditional rate structures.

15. Staff concerns about overcollection do not factor in these details.

16. Evergy's Motion for Reconsideration proposes the Commission modify its Order and implement the low-differential rate as the default in place of the company 2-period TOU. This change is expected to dramatically reduce the customer and revenue impact from the transition. If the Commission accepts the Company position on this matter, revenue variations will still occur, but concerns about excessive revenue fluctuations would be greatly reduced.

**The Exact Change In Customer Behavior Resulting from the Implementation of High Differential Time of Use Rates is Unknown**

17. Given the number of TOU options that will be available to Evergy customers, it is unknown which rate each customer will choose. With each rate designed differently to accommodate varying lifestyle and with varying rate designs and pricing, the degree of individual customer change is unknown. As such, the combined result of both customer choice and the expected change in behavior is also unknown. No elasticity study has been performed to assess the impacts of the Commission order specific to behavior change. The Staff's support for their clarification does not include this impact, nor can it be known with any degree of certainty with the information available from the record.

**The Company Established Revenue Neutral Pricing Using Settled Determinants**

18. Given the shift to higher differential TOU rates, the expected change in customer behavior and seasonal usage, as well as an inability to predict exact behavioral change(s) due to a lack of elasticity study, the Company utilized the settled determinants and seasonal revenues as the foundation for designing and setting the price of the TOU rates. More specifically, the Company utilized the settled determinants as the basis for setting prices by assuming that existing seasonal

usage/determinants will not change and applied the approved differentials/rates to all residential customers usage and set the pricing such that it would still collect no more than the approved revenue amounts annually. Given the various uncertainties, this approach is correct and in line with past practice. All other alternatives, face the same uncertainties.

**Staff’s Concern Regarding Over-Collection of Revenues is Based on Specific Assumptions**

19. Staff’s concern is based on the assumption that there will be no change in customer usage. If one expects no change in customer behavior and that the exact seasonal usage (which was captured using traditional rates) will continue after the adoption of a high differential TOU rate, it’s possible to realize Staff’s results. However, that is not what’s expected here. The Company expects a sharp change in customer behavior that will likely negatively impact the Company’s ability to collect its approved revenue requirement in this case.

20. Evergy contends that no specific method exists within the record to confidently represent the determinants to be expected from the Commission’s hybrid approach. In light of the fact the Staff and Company positions did not anticipate the outcome ordered by the Commission, Evergy suggests the Commission direct that the determinants and revenues established in the approved Stipulation, including the seasonal relationships, be ordered as the basis for the designing the rates.

**Design of Non-Residential Rates**

21. On page 70 of the Report and Order the Commission states “The Commission agrees with Evergy’s proposal”, so Evergy believes the Commission’s view is clear. However, if the Commission chooses to respond to the Staff request, Evergy believes the options presented by Staff do not fully identify the options before the Commission. Evergy would suggest the Commission clarify whether the Large Power Service rates should be increased by an equal percentage to each rate element (Staff’s proposal), or by applying 125% of the class increase to fixed rate elements and



75% of the class increase to variable rate elements (Evergy's proposal). It should also be noted that these options are intended to apply to the Large General Service class as well and that MCEG offered in its Position Statement in these cases support for Evergy's approach applying 125% of the class increase to fixed rate elements and 75% of the class increase to variable rate elements