

Exhibit No.: 851
Issue: Hot Weather Safety Program

BEFORE THE PUBLIC SERVICE COMMISSION OF MISSOURI

SURREBUTTAL TESTIMONY OF JOHN G. HOWAT

ON BEHALF OF AARP

**AmerenUE
Case No. ER-2008-0318**

AARP Exhibit No. 851
Case No(s) ER-2008-0318
Date 12-1-08 Rptr pl

Filed: November 5, 2008

1 **Q. PLEASE STATE YOUR NAME, OCCUPATION, AND BUSINESS**
2 **ADDRESS.**

3 A. My name is John Howat, and I am Senior Policy Analyst at the National
4 Consumer Law Center, 7 Winthrop Square, Boston, MA 02110.

5
6 **Q. FOR WHOM ARE YOU TESTIFYING IN THIS PROCEEDING?**

7 A. I am providing comments and testimony in behalf of AARP.

8
9 **Q. HAVE YOU PREVIOUSLY SUBMITTED TESTIMONY ON BEHALF OF**
10 **AARP IN THIS PROCEEDING?**

11 A. Yes.

12
13 **Q. HAVE YOU REVIEWED THE REBUTTAL TESTIMONY IN THIS**
14 **PROCEEDING OF RICHARD J. MARK ON BEHALF OF AMERENUE?**

15 A. Yes.

16
17 **Q. WHAT IS THE PURPOSE OF YOUR SURREBUTTAL TESTIMONY?**

18 A. The purpose of my Surrebuttal testimony is to respond to statements made by Mr.
19 Mark and to propose an alternative to AARP's initial proposal to implement a hot
20 weather safety program.

21

1 Q. WHAT ARE YOUR RESPONSES TO STATEMENTS MADE BY MR.
2 MARK REGARDING THE RESULTS OF THE SURVEY THAT HE
3 REFERNCED?

4 A. Mr. Mark asserted in his Rebuttal Testimony that AARP's proposed Hot Weather
5 Safety Program is not needed and that if implemented would not have the desired
6 effect, which is avoidance of preventable, heat-related deaths among low-income
7 seniors aged 65 and over living in the Company's service territory. In support of
8 his claim, Mr. Mark referred to results of a company sponsored survey of elderly
9 customers regarding heat-related hazards. The survey, conducted by the Center
10 for Advanced Social Research of University of Missouri-Columbia under contract
11 with and supervision by AmerenUE, was not targeted specifically to low-income
12 seniors in the Company's service territory. Nonetheless, and contrary to the
13 assertions in Mr. Mark's testimony, results of the survey did support the AARP's
14 contention that some elderly customers who own air conditioning units are
15 reluctant to use them during summer months. Further, results of the survey
16 indicated that fully 45 percent of respondents thought that the cost to run their air
17 conditioners was too high.

18 It should be stressed, however, that less than one quarter of 405 survey
19 respondents reported household income of under \$25,000. Only 7.4 percent of
20 survey respondents reported household income of less than \$10,000. The limited
21 sample of lower-income respondents – the target population of AARP's proposed
22 Hot Weather Safety Program bill credit – suggests that the survey results cannot
23 be reliably used to understand the behaviors of this specific population.

1 **Q. DID MR. MARK PRESENT OTHER EVIDENCE REFUTING THE NEED**
2 **AS STATED IN YOUR DIRECT TESTIMONY FOR A**
3 **COMPREHENSIVE HOT WEATHER SAFETY PROGRAM?**

4 A. No. In my Direct Testimony I proposed a limited bill credit as part of a broad hot
5 weather safety program based on evidence that (1) excessive heat poses a major,
6 continuing public health threat in Missouri, (2) use of air conditioning is an
7 effective preventive measure, and (3) some individuals may be reluctant to use air
8 conditioning in their homes even when available because of the expense involved
9 in operating air-conditioning equipment. Other than pointing to results of the
10 Company's survey, which as indicated above is not an ideal instrument with
11 which to understand behaviors of the specific population under discussion here,
12 Mr. Mark does not present evidence impeaching the basis of AARP's proposal.
13 While the Company's efforts to work with community-based outreach
14 organizations and to implement its "Be Cool" program are indeed laudable, they
15 do not directly address the cost-based reluctance of some households to operate
16 air-conditioning equipment.

17
18 **Q. CAN YOU RECOMMEND AN ALTERNATE PROGRAM DESIGN TO**
19 **THAT PROPOSED IN YOUR DIRECT TESTIMONY?**

20 A. Yes. In my Direct Testimony I proposed that an annual credit of \$47 be provided
21 to participating households at or below 175% of the federal poverty level with at
22 least one occupant above 65 years of age. As reflected in Att. AARP-JH-7, Att.
23 AARP-JH-8, and Att. AARP-JH-9, I estimated that the annual cost of providing

1 credits to participating households to be approximately \$1.46 million. That
2 estimate is based on provision of the credit to households throughout the
3 Company's service territory assuming a 50% participation rate.

4 As an alternative, AARP recommends that the Commission approve a two-year
5 pilot program where the Company would offer a \$47 annual credit, distributed
6 during the months of July and August as outlined in Direct Testimony, to
7 households with at least one occupant aged 65 or older in the City of St. Louis or
8 Jefferson County that fall within 175% of the federal poverty guidelines.

9 Assuming a participation rate of 50%, the total cost of annual credits would be
10 about \$365,000. To estimate total program cost, I added 15% of the cost of the
11 credits for program administration and information systems modifications, plus
12 and additional 15% for program outreach, customer education and program
13 evaluation. I estimate total annual program costs to be about \$474,000, or
14 approximately four one hundredths of one percent (0.04%) of AmerenUE's 2007
15 residential sales revenues. Residential bill impacts, if the cost of the credits were
16 to be recovered through monthly billing of all residential customers, would be
17 about 36 cents per year on average. (Please see Att. AARP-JH-10, Att. AARP-JH-
18 11, and Att. AARP-JH-12.)

19 AARP further recommends that as part of a pilot program, bill credit recipients
20 and a sampling of low-income, elderly non-participants be surveyed at the pilot's
21 outset and conclusion to develop a better understanding of air conditioning usage
22 patterns, the extent to which operating costs contribute to decisions in these
23 households to use available air conditioning, and the extent to which the

1 availability of credits influences air conditioning usage during summer heat
2 waves. Such a survey should be designed and implemented collaboratively, with
3 participation of the Company, AARP and other interested stakeholders.
4

5 **Q: ARE THERE OTHER AGENCIES AND ORGANIZATIONS SERVING**
6 **LOW-INCOME SENIORS IN MISSOURI WHICH RECOGNIZE THE**
7 **NEED FOR A PROGRAM THAT PROMOTES HEALTH AND SAFETY**
8 **BY ADDRESSING CONCERNS REGARDING THE COST OF**
9 **OPERATING AN AIR CONDITIONER DURING THE HOTTEST DAYS**
10 **OF SUMMER?**

11
12 **A:** Yes. Several letters endorsing AARP's proposed Hot Weather Safety Program are
13 attached to this surrebuttal testimony as Att. AARP-JH-13.
14


15 **Q. DOES THIS CONCLUDE YOUR TESTIMONY?**

16 **A.** Yes.

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

STATE OF MASSACHUSETTS)
) ss.
COUNTY OF SUFFOLK)

I, John Howat, of lawful age and being duly sworn, state that I am presently Senior Policy Analyst of National Consumer Law Center, an entity representing AARP; and further declare under penalties of perjury under the laws of the United States of America and the State of Missouri that the foregoing is true and correct to the best of my knowledge, information and belief, and that this declaration was executed at Boston, Massachusetts this 5th day of November, 2008.


_____ Affiant

Subscribed and sworn to before me this 5th day of November, 2008.


_____ Notary Public

My commission expires:

1/16/15

(SEAL)

Jefferson County and City of St. Louis - Ratio of Income to Poverty in Population 65+

	Population - Population		Ratio of Income in 1999 to Poverty - Population 65+										<175% Poverty Rate 65+
	All Ages	65+	Under .50	.50 to .74	.75 to .99	1.00 to 1.24	1.25 to 1.29	1.30 to 1.49	1.50 to 1.74	1.75 to 1.84	1.85 to 1.99	2.00 and over	
Jefferson County	195,583	17,158	301	256	527	885	244	716	1,260	473	579	11,917	24.4%
St. Louis	339,323	45,357	2,030	1,714	4,141	3,265	669	2,324	3,050	1,228	1,688	25,248	37.9%
TOTAL	534,906	62,515	2,331	1,970	4,668	4,150	913	3,040	4,310	1,701	2,267	37,165	34.2%

Hot Weather Safety Program Annual Bill Credit, Administration, Education, Outreach and Evaluation Costs

Daily Credit	\$5		
Average days 95+	9.4		
Annual Credit per Participating Customer	\$47		
Total Annual Credit	\$364,863	Assumed Participation Rate	50%

	Total Households:	Households by Householder over 65 years and over	Poverty Rate <175% 65+	Households by Householder 65 years and over and below 175% Poverty:	Annual Credit per Participating Customer	Total Annual Credit (unadjusted)	Assumed Participation Rate	Participant Households	Total Annual Credit (adjusted)	Program Administration @ 15%	Education, Outreach and Evaluation @ 15%	Total Program Cost
Jefferson County	71,567	11,171	24.4%	2,727	\$47	\$128,184	50%	5,586	\$64,092	\$9,614	\$9,614	\$83,320
St. Louis	147,286	34,223	37.9%	12,973	\$47	\$609,710	50%	17,112	\$304,855	\$45,728	\$45,728	\$396,311
TOTAL	218,853	45,394	34.2%	15,526	\$47	\$729,727	50%	22,697	\$364,863	\$54,730	\$54,730	\$474,323

2007 FERC Form I										
Total Annual Credit		\$364,863								
Revenue Without Charge for Summer Bill Credit Program		\$971,945,809								
Revenue With Charge for Summer Bill Credit Program		\$972,310,672								
Credit as Percentage of 2007 Revenues		0.038%								
Rate Schedule	MWH Sold	Average Number of Customers	KWH Sales per Customer	Without Summer Bill Credit Program			With Summer Bill Credit Program			Difference in Monthly Revenue per Customer
				Total Revenue	Revenue per KWH	Monthly Revenue per Customer	Total Revenue	Revenue per KWH	Monthly Revenue per Customer	
<i>Residential Sales</i>										
Residential No. 1	14,100,232	992,968	14,200	\$964,368,537	\$0.0684	\$80.93	\$964,730,556	\$0.0684	\$80.96	\$0.03
Residential T-O-D	35,156	34,700	1,013	\$7,577,272	\$0.2155	\$18.20	\$7,580,116	\$0.2156	\$18.20	\$0.01
Total Residential Sales:	14,135,388	1,027,668	13,755	\$971,945,809	\$0.0688	\$78.81	\$972,310,672	\$0.0688	\$78.84	\$0.03

2007 FERC Form I + 12.1% Revenue Increase										
Total Annual Credit		\$364,863								
Revenue Without Charge for Summer Bill Credit Program		\$1,088,579,306								
Revenue With Charge for Summer Bill Credit Program		\$1,088,944,170								
Credit as Percentage of 2007 Revenues		0.034%								
Rate Schedule	MWH Sold	Average Number of Customers	KWH Sales per Customer	Without Summer Bill Credit Program			With Summer Bill Credit Program			Difference in Monthly Revenue per Customer
				Total Revenue	Revenue per KWH	Monthly Revenue per Customer	Total Revenue	Revenue per KWH	Monthly Revenue per Customer	
<i>Residential Sales</i>										
Residential No. 1	14,100,232	992,968	14,200	\$1,080,092,761	\$0.0766	\$90.65	\$1,080,498,223	\$0.0766	\$90.68	\$0.03
Residential T-O-D	35,156	34,700	1,013	\$8,486,545	\$0.2414	\$20.38	\$8,489,730	\$0.2415	\$20.39	\$0.01
Total Residential Sales:	14,135,388	1,027,668	13,755	\$1,088,579,306	\$0.0770	\$88.27	\$1,088,987,953	\$0.0770	\$88.31	\$0.03



Central Missouri Area
Agency on Aging

AH, AARP-JH-13

1121 Business Loop 70 East, Suite 2A
Columbia, MO 65201
PH: (573) 443-5823
FAX: (573) 875-8907
TTY: (573) 443-0105

November 4, 2008

Public Service Commission
P.O. Box 360
Jefferson City MO 65102

To Whom It May Concern:

The Central Missouri Area Agency on Aging is pleased to support AARP's proposed Hot Weather Safety Program.

CMAAA, through our Care Coordination Program and our Home-delivered Meal Program, are often in the homes of the elderly. During the hot summer months, we often hear of older people sitting in sweltering homes.

They have air-conditioning available but are so concerned about paying the utility bill, that they will not turn the air-conditioning on or only run them periodically. Their concern about paying the bill outweighs their concern for their own health and well-being.

AARP's Hot Weather Safety Program will provide these low-income individuals some assurance that there will be much needed help during heat alerts.

Thank you for your consideration.

Sincerely,

Jean Leonatti
Executive Director

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Springfield, MO 65807

October 31, 2008

Public Service Commission
P.O. Box 360
Jefferson City, MO 65622

Attention: Commissioners:

As the director of an Area Agency on Aging whose mission is to advocate for seniors, I am writing this letter in support of AARP's proposal to provide an economic incentive for low-income seniors to turn on their air conditioning during the hottest days of the summer. Many at-risk seniors do not run their air conditioning out of fear of rising energy costs, even during a heat wave. As seniors age they "feel" the heat less than an active adult and become overheated without realizing it. Every year seniors in our area are in this situation die or face serious medical emergencies complicated by extreme heat. In fact, studies suggest that the impact of extreme heat on medical health is under-reported with regard to older individuals.

AARP's proposed Hot Weather Safety Program is designed to reach these vulnerable individuals and encourage them to be safe by providing a credit on their electric bill that would cover the cost of running an air conditioner during "heat alerts". This is a program that would truly benefit the well being of seniors. We support this program and would be happy to provide additional information if necessary.

Sincerely,

Dorothy K. Knowles
Executive Director



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4130 Lindell Blvd. St. Louis, MO 63108 phone 314-652-1400 www.mobudget.org

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Executive Director

October 31, 2008

The Public Service Commission
P.O. Box 360
Jefferson City MO 65102

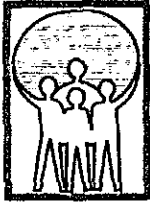
Dear Commissioners,

The Missouri Budget Project supports AARP's proposal to provide an economic incentive for low-income seniors to turn on their air conditioning during the hottest days of the summer. Many at-risk seniors do not run their air conditioning out of fear of rising energy costs, even during a heat wave. Every year there are seniors in this situation who die or face serious medical emergencies complicated by extreme heat. In fact, studies suggest that the impact of extreme heat on medical health is under-reported with regard to older individuals.

AARP's proposed Hot Weather Safety Program is designed to reach these vulnerable individuals and encourage them to be safe by providing a credit on their electric bill that would cover the cost of running an air conditioner during "heat alerts". At a minimum, we urge the Missouri Public Service Commission to approve AARP's Hot Weather Safety Program as a pilot program in AmerenUE's electric rate case. It could mean the difference between life and death.

Sincerely,

Amy L Blouin
Executive Director



MASW
Since 1901

Missouri Association for Social Welfare

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Jefferson City, MO 65101
Telephone: (573) 634-2901
Fax: (573) 635-1648
Email: citizenvoice@masw.org
Web Page: <http://www.masw.org>

The Welfare of the People Shall be the Supreme Law

November 3, 2008

The Honorable Commissioners
Missouri Public Service Commission
200 Madison Street
Jefferson City, MO 65101

On behalf of the Missouri Association for Social Welfare, I write in support of AARP's proposal to provide an economic incentive for low-income seniors to turn on their air conditioning during the hottest days of the summer.

Many at-risk seniors do not run their air conditioning out of fear of rising energy costs, even during a heat wave. Every year there are seniors in this situation who die or face serious medical emergencies complicated by extreme heat. In fact, studies suggest that the impact of extreme heat on medical health is under-reported with regard to older individuals.

AARP's proposed Hot Weather Safety Program is designed to reach these vulnerable individuals and encourage them to be safe by providing a credit on their electric bill that would cover the cost of running an air conditioner during "heat alerts".

At a minimum, we urge the Missouri Public Service Commission to approve AARP's Hot Weather Safety Program as a pilot program in AmerenUE's electric rate case. It could mean the difference between life and death for many Missouri seniors.

Sincerely,

A handwritten signature in black ink, appearing to read "Bob Quinn".

Bob Quinn
Executive Director