

*Exhibit No.:*  
*Issue(s):* Red Tag Program,  
Energy Efficiency  
Funding and  
Weatherization  
*Witness:* Brad J. Fortson  
*Sponsoring Party:* MoPSC Staff  
*Type of Exhibit:* Rebuttal Testimony  
*Case No.:* GR-2018-0013  
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**MISSOURI PUBLIC SERVICE COMMISSION**

**COMMISSION STAFF DIVISION**

**ENERGY RESOURCES DEPARTMENT**

**REBUTTAL TESTIMONY**

**OF**

**BRAD J. FORTSON**

**LIBERTY UTILITIES (MIDSTATES NATURAL GAS) CORP.,  
d/b/a LIBERTY UTILITIES**

**CASE NO. GR-2018-0013**

*Jefferson City, Missouri  
April 2018*



1 Q. Would you please briefly describe Spire Missouri's Red Tag Repair Program?

2 A. Spire Missouri's Red Tag Repair Program is designed for customers to receive  
3 funding towards minor repairs or replacements of their gas appliances and piping in order to  
4 obtain or retain gas service. Red Tag refers to a piece of equipment that has been determined  
5 to be unsafe. A technician turns off and "tags out" the equipment, traditionally with a red tag  
6 listing the problem. For natural gas appliances, this could mean a problem within the  
7 equipment that creates an unsafe condition, or a problem with venting and duct work that  
8 causes exhaust or gas to enter the home. Spire Missouri's Red Tag Program is a two-part  
9 program consisting of: 1) Avoid Red Tags; and 2) Heating Only for Lower Income. The  
10 Avoid Red Tags portion of the Red Tag Program allows for field service representatives  
11 (FSR) who are already onsite to repair the customer's gas appliances and piping if the FSR  
12 determines that a gas appliance should be red-tagged but can be repaired in no more than 15  
13 minutes using parts that cost \$20 or less, at no cost to the customer. The Heating Only for  
14 Lower Income portion allows for payment assistance to residential customers with a  
15 household income equal to or less than 185% of the Federal Poverty Level, who require  
16 repairs or replacement of natural gas appliances or piping that have been red-tagged. Payment  
17 assistance under the Red Tag Program is limited to \$1,000 per customer, with no more than  
18 \$700 going towards permanent space heating equipment (PSHE) and no more than \$450  
19 going toward each other gas appliance or piping.

20 Q. How does Mr. Hyman propose the Red Tag Program be funded for  
21 Liberty Midstates - MO?

22 A. Mr. Hyman suggests that program funding should be sufficient to help a  
23 reasonable number of customers. He states that according to DE's weatherization group,

1 120 homes served by Liberty Midstates - MO with natural gas as the primary space heating  
2 fuel are on a waitlist to receive weatherization services. However, because not all of these  
3 customers have red tagged appliances, he proposes the program help one quarter of these  
4 customers each year, for a total of 30 customers per year, and could be funded at \$33,000  
5 annually, assuming \$1,000 maximum funding per customer and a 10 percent limit on  
6 administrative costs.

7 Q. Does Staff support Mr. Hyman's Red Tag Program recommendation?

8 A. Staff would support a Red Tag Program similar to Spire Missouri's like  
9 Mr. Hyman recommends for Liberty Midstates - MO if Liberty Midstates - MO determines it  
10 wants to pursue a Red Tag Program.

11 Q. Does Staff have any recommendations for the Red Tag Program should  
12 Liberty Midstates - MO determine it wants to pursue a Red Tag Program?

13 A. Yes. Staff recommends a tiered incentive that would allow for a greater  
14 incentive for more efficient PSHE and other gas appliance and piping measures. Staff further  
15 recommends that funding for a Red Tag Program come from the current non-weatherization  
16 portion of the energy efficiency program budget. Maximum funding per customer, the  
17 maximum amount going toward PSHE, the maximum amount going toward other gas  
18 appliance or piping, the tiered incentive, and to which measures the tiered incentives would  
19 apply could be determined by the Energy Efficiency Advisory Group (EEAG).

20 Q. What is Liberty Midstates - MO's current level of energy efficiency program  
21 funding?

22 A. Liberty Midstates - MO's current level of energy efficiency program funding  
23 is, on an annual basis, \$150,000 included in base rates, \$105,000 of which is funding for

1 weatherization. Liberty Midstates - MO uses a regulatory asset account mechanism for  
2 program costs incurred above this existing annual funding level.

3 Q. What is Mr. Hyman's recommendation for Liberty Midstates - MO's energy  
4 efficiency program funding?

5 A. Mr. Hyman recommends "...that budgets for Liberty Midstates - MO's energy  
6 efficiency programs target 0.5 percent of the rolling three-year average of gross operating  
7 revenues, absent the inclusion of weatherization funding. The program year budget energy  
8 efficiency would target a level of 0.5 percent of the rolling three-year average of gross  
9 operating revenues, with updates to the three years used for purposes of setting each program  
10 year budget... the Company's non-weatherization energy efficiency programs would be  
11 funded at \$258,811.15 under such a target, and the funding amount would be updated in  
12 future years."

13 Q. Does Staff support Mr. Hyman's recommendation for Liberty Midstates -  
14 MO's energy efficiency program funding?

15 A. No. Staff recommends Liberty Midstates - MO's energy efficiency program  
16 funding target remain unchanged.

17 Q. Please explain.

18 A. Liberty Midstates - MO's current annual non-weatherization portion of the  
19 energy efficiency program budget has continued to be unspent since the current funding  
20 structure was approved in GR-2010-0192. Therefore, Staff sees no need to increase the  
21 program budget or the savings target, even if the Commission approves Mr. Hyman's  
22 recommended Red Tag Program.

1 Q. What is Ms. Kroll's recommendation for Liberty Midstates - MO's  
2 weatherization program?

3 A. Ms. Kroll recommends: 1) continuation of the current annual level of funding  
4 for Liberty Midstates - MO's weatherization program at \$105,000; 2) transitioning the  
5 administration of Liberty Midstates - MO's weatherization program to Liberty Midstates -  
6 MO;<sup>1</sup> and 3) that the EEAG discuss adding a check-off box to customer bills and the on-line  
7 payment systems to allow additional voluntary contributions to weatherization efforts.

8 Q. Does Staff support Ms. Kroll's recommendation for continuation of Liberty  
9 Midstates - MO's current annual level of funding for weatherization?

10 A. Yes.

11 Q. What is Staff's recommendation for transitioning the administration of Liberty  
12 Midstates - MO's weatherization program to Liberty Midstates - MO?

13 A. This is addressed in the rebuttal testimony of Staff witness Natelle Dietrich.

14 Q. Does Staff support Ms. Kroll's recommendation that the EEAG discuss adding  
15 a check-off box to customer bills and the on-line payment systems to allow additional  
16 voluntary contributions to weatherization efforts?

17 A. Staff supports the EEAG discussing this issue further. If out of that discussion  
18 Liberty Midstates - MO determines a check-off box to allow additional voluntary  
19 contributions to weatherization efforts is something it wants to pursue, Liberty Midstates -  
20 MO could propose it in its next general rate case.

21 Q. Does this conclude your rebuttal testimony?

22 A. Yes.

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<sup>1</sup> DE currently administers Liberty Midstates - MO's weatherization program.

