

Exhibit No.:
Issues: Low Income
Weatherization
Energy Efficiency
Programs
Witness: Lena M. Mantle
Sponsoring Party: MO PSC Staff
Type of Exhibit: Rebuttal Testimony
Case No.: ER-2005-0436
Date Testimony Prepared: November 18, 2005

MISSOURI PUBLIC SERVICE COMMISSION

UTILITY OPERATIONS DIVISION

REBUTTAL TESTIMONY

OF

LENA M. MANTLE

**AQUILA, INC. D/B/A AQUILA NETWORKS-MPS
AND AQUILA NETWORKS-L&P**

CASE NO. ER-2005-0436

**Jefferson City, Missouri
November 2005**

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

In the Matter of Aquila, Inc. d/b/a Aquila)
Networks-MPS and Aquila Networks-)
L&P, for Authority to File Increasing)
Electric Rates For the Service Provided to)
Customers in the Aquila Networks-MPS)
and Aquila Networks-L&P Area.)

Case No. ER-2005-0436

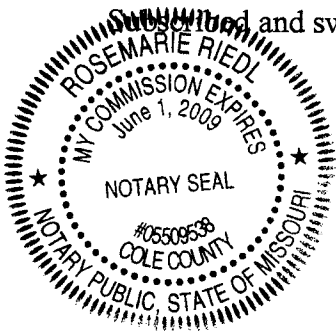
AFFIDAVIT OF LENA M. MANTLE

STATE OF MISSOURI)
) ss
COUNTY OF COLE)

Lena M. Mantle, of lawful age, on her oath states: that she has participated in the preparation of the following Rebuttal Testimony in question and answer form, consisting of 5 pages of Rebuttal Testimony to be presented in the above case, that the answers in the following Rebuttal Testimony were given by her; that she has knowledge of the matters set forth in such answers; and that such matters are true to the best of her knowledge and belief.


Lena M. Mantle

Subscribed and sworn to before me this 17th day of November, 2005.




Notary Public

My commission expires June 1, 2009

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29

LENA M. MANTLE

CASE NO. ER-2005-0436

14 A. My name is Lena M. Mantle and my business address is Missouri Public
15 Service Commission, P. O. Box 360, Jefferson City, Missouri 65102.

18 A. Yes, I am.

20 A. My rebuttal testimony will give the Missouri Public Service Commission
21 Staff's (Staff's) position regarding the low-income weatherization and energy efficiency
22 programs proposed by Missouri Department of Natural Resources – Energy Center
23 witness Anita C. Randolph in her direct testimony.

A. Ms. Randolph proposes increasing the funding of the current low income weatherization program from \$50,000 annually to \$108,000 annually (Randolph direct, page 25, line 19), increasing the funding of the Change a Light, Change the World program from \$20,000 annually to \$40,000 annually (Randolph Direct, p. 26, line 9), adding a residential energy efficiency program promoting building shell measures to be

Rebuttal Testimony of
Lena M. Mantle

1 funded at \$100,000 (Randolph Direct, p. 26, line 5) annually and add a commercial audit
2 program to be funded at either \$75,000 (Randolph Direct, p. 23, line 13) or \$100,000.
3 (Randolph Direct, p. 26, line 13).

4 Aquila, Inc. (Aquila) funds its current programs through shareholder funding and
5 did not request that these costs be recovered in this rate case. Although Ms. Randolph
6 did not specifically say how the Department of Natural Resources – Energy Center
7 (DNR-EC) believes the costs should be recovered, she did present in her testimony a
8 calculation of the cost per customer of each of her proposed programs (Randolph Direct,
9 p. 26, line 16 – p. 27, line 1).

10 Q. What is the Staff's position on Ms. Randolph's proposed low-income
11 weatherization program?

12 A. Staff proposes that the Commission accept Ms. Randolph's proposed
13 increase in low-income weatherization program funding to \$108,000 with fifty percent of
14 the costs paid for by Aquila shareholders and fifty percent by Aquila ratepayers.
15 However, the current program needs to be evaluated with the goal of increasing its
16 effectiveness. To continuously fund a program, or, as in this case to increase the funding,
17 without reviewing the program is an inappropriate use of funds. While there is little
18 doubt as to the energy savings of such a program, the process side of these programs also
19 needs to be reviewed for efficiencies. Therefore, Staff recommends that if this low-
20 income program funding is approved, the Commission also require that Aquila and the
21 agencies that it provides funding to, review the processes and procedures used to
22 determine if there are any improvements that could be made. Staff further recommends

1 that the Commission order Aquila to file such a report with the Commission within 180
2 days of the effective date of the Commission's Report and Order in this case.

3 Q. What is the Staff's position on the energy efficiency programs proposed by
4 Ms. Randolph?

5 A. The Staff's position is different for different programs.

6 Q. Please explain the Change a Light, Change the World program.

7 A. Aquila has participated in the Energy Star Change a Light, Change the World
8 program in its service territory for the last two years. At participating retailers, Aquila
9 gives its customers a rebate on compact fluorescent light bulbs at the point of purchase
10 during a specific time period. The first year that Aquila participated in the program, it
11 met the targets within the program time frame (Randolph Direct, p.24, line 4). Aquila
12 has told Staff that it expects the same this year.

13 Q. How did Ms. Randolph justify doubling the expenditures on this program?

14 A. In her direct testimony, Ms. Randolph discusses the general need for energy
15 efficiency in Missouri and the cost comparison of energy efficiency to new electric
16 generation, but nowhere in her testimony did Ms. Randolph justify why the amount spent
17 on this program should be increased from \$20,000 to \$40,000.

18 Q. Does the Staff believe that the funding should be increased?

19 A. Staff believes that, for the consumer, there are energy efficiencies that can be
20 gained from replacing standard light bulbs with high efficiency light bulbs. However,
21 Staff is not sure how that would impact Aquila. Staff did a quick review of a similar
22 program that Aquila included in its recent resource plan that it submitted to the Staff in
23 April of 2005 as a requirement of the Stipulation and Agreement in Case Nos. ER-2004-

1 0034 and HR-2004-0024. The similar program proposed by Aquila estimated that it
2 would be cost effective when funded at a much higher level. While Aquila claims that
3 this program was included in its integrated resource plan runs, Staff has not been able to
4 find out how this or any of the other demand-side programs proposed impacted Aquila's
5 resource plan despite several requests at meetings subsequent to the submission of the
6 resource plan to Staff. However, since the funding requested by Ms. Randolph is
7 substantially less than what was in the resource plan, Staff recommends that the
8 Commission approve this program with fifty percent of the costs be paid for by Aquila
9 shareholders and fifty percent by Aquila rate payers.

10 Q. Please explain the Staff's position on the Commercial Audit program
11 proposed by Ms. Randolph.

12 A. The Commercial Audit program proposed by Ms. Randolph is similar to
13 Audit programs in various stages of implementation by the other investor owned utilities
14 in Missouri. Ms. Randolph did not provide any justification for the amount of funding or
15 give an estimate of the impact of her proposed program on Aquila's system. In Staff's
16 quick review of the resource plan submitted to Staff in April of this year, Staff found a
17 similar program. Again, the program as proposed by Aquila was funded at a much higher
18 level and was estimated to be cost effective. Since the \$75,000 (Randolph Direct, p. 23,
19 line 13) funding requested by Ms. Randolph is substantially less than what was in the
20 resource plan, Staff recommends that the Commission approve this program at the lower
21 of the funding amounts proposed by Ms. Randolph with fifty percent of the costs being
22 paid for by Aquila shareholders and fifty percent by Aquila rate payers.

1 Q. Please explain the Staff's position on the residential energy efficiency
2 program?

3 A. The residential energy efficiency program is different from the other
4 programs. In this program, Aquila would fund the training and certification of private
5 sector contractors who would then provide a comprehensive evaluation of a home's
6 energy efficiency to determine what energy efficiency improvements would provide the
7 homeowner with the most benefits. This part of the program causes significant concern
8 to Staff. Since these are private sector contractors, there is nothing that would assure the
9 Aquila ratepayers that their investment in these contractors would remain in Aquila's
10 service territory and the benefits would flow to Aquila ratepayers. These contractors
11 would be free to work for whoever would hire them, including consumers who are not
12 Aquila rate payers. They would also be free to take the skills that were provided to them
13 by Aquila ratepayers and move from the Kansas City area.

14 Another problem with this program is that, like the other programs she proposed,
15 Ms. Randolph did not provide any justification for this specific program. Aquila did
16 propose a residential audit program in its resource plan but it did not include the costs of
17 training the auditors. This would add considerable cost to the program.

18 While this may be a very worthwhile energy efficiency program, Staff cannot
19 recommend that the Commission approve this program due to Ms. Randolph's failure to
20 fully justify this program and to explain why Aquila ratepayers or Aquila shareholders
21 should pay for it without any clear benefit to Aquila ratepayers or Aquila.

22 Q. Does this conclude your rebuttal testimony?

23 A. Yes, it does.