

Exhibit No: *027*
Issue: Energy Efficiency
Witness: Shaylyn Dean
Type of Exhibit: Surrebuttal Testimony
Sponsoring Party: Laclede Gas Company (LAC)
Missouri Gas Energy (MGE)
Case Nos.: GR-2017-0215
GR-2017-0216
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LACLEDE GAS COMPANY
MISSOURI GAS ENERGY

GR-2017-0215
GR-2017-0216

SURREBUTTAL TESTIMONY

OF

SHAYLYN DEAN

NOVEMBER 2017

Laclede Exhibit No. *027*
Date *12-17-15* Reporter *AE*
File No. *GR-2017-0215 GR-2017-0216*

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1 **SURREBUTTAL TESTIMONY OF SHAYLYN DEAN**

2 **Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.**

3 A. My name is Shaylyn Dean and my business address is 7500 E. 35th Terrace, Kansas City,
4 Missouri, 64129.

5 **Q. ARE YOU THE SAME SHAYLYN DEAN WHO FILED REBUTTAL TESTIMONY**
6 **IN THE TWO ABOVE NAMED CASES?**

7 A. Yes, I filed rebuttal testimony in both cases on October 17, 2017.

8 **I. PURPOSE OF TESTIMONY**

9 **Q. WHAT IS THE PURPOSE OF YOUR SURREBUTTAL TESTIMONY IN THIS**
10 **PROCEEDING?**

11 A. The purpose of my surrebuttal testimony is to respond to certain issues raised by OPC
12 witness Lena Mantle and Staff witness Curtis Gateley in their rebuttal testimonies.
13 Specifically, I will address Ms. Mantle's comments regarding the benefits of the
14 Company's energy efficiency programs. I will also respond to Mr. Gateley's comments
15 regarding the Company's EnergyWise and Insulation Financing Programs.

16 **II. OPC AND STAFF POSITIONS**

17 **Q. WHAT POSITIONS DID OPC AND STAFF TAKE IN THEIR TESTIMONIES?**

18 A. OPC witness Mantle again recommended that the Commission suspend funding for all of
19 the energy efficiency programs in both Laclede's Eastern Missouri service territory
20 ("LAC") and its Western Missouri service territory ("MGE"). In her direct testimony, she
21 recommended continuation of Laclede's Low Income Weatherization Assistance Programs
22 ("LIWAP"), but she did not address LIWAP in her rebuttal. She was also silent in rebuttal
23 on the Low Income Multi-Family Co-Delivery programs LAC and MGE have with
24 Ameren and KCP&L, respectively, programs which OPC avidly wanted us to pursue. Ms.

1 Mantle testified that these programs, among others, should not be funded until they can
2 “show monetary benefits to the customers that pay for the program greater than the cost of
3 the program.” (Mantle Rebuttal, p. 5, lines 1-5)

4 Staff witness Gateley noted that Laclede had increased the maximum limits on both its
5 Insulation Financing Program and its EnergyWise Dealer Program. Mr. Gateley stated that
6 Laclede proposed to increase insulation loans from \$2,000 to \$5,000, and increase the
7 maximum amount of loans outstanding from \$2 million to \$4 million. Mr. Gateley also
8 noted that Laclede proposed to increase its EnergyWise dealer loans from a maximum of
9 \$10,000, payable over a period of up to 5 years, to a maximum of \$15,000, payable for up
10 to 7 years. Mr. Gateley opposed all of these increases because he had seen no supporting
11 evidence justifying the increases

12 **RESPONSE TO OPC**

13 **Q. DO YOU AGREE WITH OPC WITNESS MANTLE THAT ENERGY**
14 **EFFICIENCY PROGRAMS HAVE FAILED TO SHOW NET BENEFITS?**

15 **A.** No, I do not. As OPC is well aware, Laclede’s energy efficiency programs have been
16 periodically evaluated and subjected to cost effectiveness testing. The EEC received an
17 evaluation of its portfolio in early 2015, and found that it passed a cost-effectiveness test.
18 As OPC knows from attending quarterly EEC meetings, the energy efficiency programs
19 are currently undergoing another cost-effectiveness test based on their performance in
20 2015-16. Dr. Marke of OPC has regularly and actively participated in EEC meetings,
21 and has shown through his suggestions, contributions and votes, that OPC has been
22 supportive of the programs we are currently undertaking. I am dumbfounded as to how
23 OPC’s Ms. Mantle, who has not attended Laclede EEC meetings, can testify that our

1 energy efficiency programs have not been beneficial, while OPC's Dr. Marke, who has
2 attended Laclede EEC meetings and knows otherwise, remains silent.

3 **Q. OPC WITNESS MANTLE NOTES THAT THE COSTS OF LOW-INCOME**
4 **PROGRAMS ARE PAID IN PART BY OTHER LOWER INCOME**
5 **CUSTOMERS, BECAUSE SUCH COSTS ARE SPREAD ACROSS CUSTOMERS**
6 **REGARDLESS OF INCOME. HOW DO YOU RESPOND TO THAT?**

7 A. Low-income programs are charged to all customers. By doing so the cost per customer is
8 very small; however, the benefits to low-income customers that participate in such
9 programs is significant, far outweighing that cost, and can literally be lifesaving when
10 other options are simply not available or not enough. While not perfect, terminating a
11 program on this basis would certainly be throwing out the baby with the bath water.

12 **RESPONSE TO STAFF**

13
14 **Q. STAFF WITNESS GATELEY STATES THAT HE HAS SEEN NO EVIDENCE TO**
15 **JUSTIFY INCREASING LOAN LIMITS FOR INSULATION FINANCING AND**
16 **ENERGYWISE. CAN YOU ADDRESS HIS CONCERN?**

17 A. Yes. The amounts currently in the tariffs were established in 1994. We have tried to update
18 the amounts to fit current costs in the past two rate cases, but were not able to do so before
19 the cases settled. The simple effect of inflation alone over the past 20 years should justify
20 an increase in the loan limit. Regardless, our information shows that the high efficiency
21 HVAC systems covered by the EnergyWise financing tariff would cost between \$8,000-
22 \$17,000. Therefore, a maximum limit of \$10,000 would tend to exclude many high-
23 efficiency systems, making it very challenging for some customers to move forward
24 without a larger down payment to the Contractor outside of the already required 5%. An

1 increase in the maximum limit to \$15,000 is conservative, and would still not cover all
2 systems, but would be an improvement over the outdated amount of \$10,000. A payback
3 period of up to seven years, rather than five, is reasonable and provides the customer more
4 options on payment terms. It is also more consistent with the payback period in our
5 financing program for insulation, which provides for a maximum payback period of 7.5
6 years for loan amounts over \$875. Most customers would truly benefit from the extra time
7 since buying a high efficiency HVAC system is comparable to purchasing a vehicle. A
8 longer maximum payback period will provide additional options to help make the
9 significant upfront investment in energy efficiency more economically attractive.

10 **Q. WHAT ABOUT INSULATION FINANCING?**

11 A. The Insulation Financing program covers a host of measures, including insulation for attic,
12 walls, floors and ducts, caulking and weather-stripping, and storm doors and windows. As
13 in 2012-13, our proposed tariff adds duct sealing and an energy audit to the measures
14 eligible for a loan. The attic insulation alone can average \$2,500, which is already more
15 than the limit for all measures. Staff witness Gateley indicated that the Company wanted
16 to increase those insulation loans from \$2,000 to \$5,000. Just to be clear, we do not propose
17 to increase the actual amounts loaned from \$2,000 to \$5,000, just the maximum amount
18 that can be loaned. Likewise, an increase in the limit of outstanding loan balances from
19 two to four million dollars is simply an acknowledgment of the effects of inflation over a
20 significant time period.

21 **Q. DOES THIS COMPLETE YOUR SURREBUTTAL TESTIMONY?**

22 A. Yes.

