

FILED
December 29, 2017
Data Center
Missouri Public
Service Commission

Exhibit No.: 507
Issues: Red-Tag Repair Program; Low-
Income Energy Affordability
Program
Witness: Erin K. Kohl
Sponsoring Party: Missouri Department of Economic
Development – Division of Energy
Type of Exhibit: Rebuttal Testimony
Case Nos.: GR-2017-0215; GR-2017-0216

MISSOURI PUBLIC SERVICE COMMISSION

SPIRE MISSOURI INC.

CASE NO. GR-2017-0215

and

CASE NO. GR-2017-2016

REBUTTAL TESTIMONY

OF

ERIN K. KOHL

ON

BEHALF OF

MISSOURI DEPARTMENT OF ECONOMIC DEVELOPMENT

DIVISION OF ENERGY

Jefferson City, Missouri

October 20, 2017

(Rate Design)

DEO Exhibit No. 507
Date 12-15-17 Reporter AE
File No. GR-2017-0215
GR-2017-0216

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

In the Matter of Laclede Gas Company's)	<u>File No. GR-2017-0215</u>
Request to Increase Its Revenue for Gas Service)	Tariff No. YG-2017-0195
In the Matter of Laclede Gas Company d/b/a)	
Missouri Gas Energy's Request to Increase Its)	<u>File No. GR-2017-0216</u>
Revenues for Gas Service)	Tariff No. YG-2017-0196

AFFIDAVIT OF ERIN K. KOHL

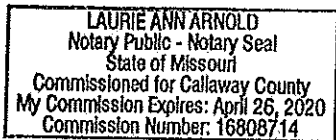
STATE OF MISSOURI)
) ss
COUNTY OF COLE)

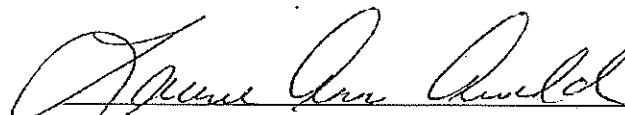
Erin K. Kohl, of lawful age, being duly sworn on her oath, deposes and states:

1. My name is Erin K. Kohl. I work in the City of Jefferson, Missouri, and I am employed by the Missouri Department of Economic Development, Division of Energy as a Planner II.
2. Attached hereto and made a part hereof for all purposes is my Rebuttal Testimony on behalf of the Missouri Department of Economic Development – Division of Energy.
3. I hereby swear and affirm that my answers contained in the attached testimony to the questions therein propounded are true and correct to the best of my knowledge.


Erin K. Kohl

Subscribed and sworn to before me this 20th day of October, 2017.




Notary Public

My commission expires: 4/26/20

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1 **I. INTRODUCTION**

2 **Q. Please state your name and business address.**

3 A. My name is Erin K. Kohl. My business address is 301 West High Street, Suite 720, PO
4 Box 1766, Jefferson City, Missouri 65102.

5 **Q. By whom and in what capacity are you employed?**

6 A. I am employed by the Missouri Department of Economic Development (“DED”) –
7 Division of Energy (“DE”) as a Planner II, Energy Policy Analyst.

8 **Q. Have you previously filed testimony in this case before the Missouri Public Service
9 Commission (“PSC” or “Commission”) on behalf of DE or any other party?**

10 A. Yes. I filed Direct Rate Design Testimony on the Red-Tag Repair Program.

11 **II. PURPOSE AND SUMMARY OF TESTIMONY**

12 **Q. What is the purpose of your Rebuttal Testimony in this proceeding?**

13 A. The purpose of my testimony is to respond to proposals and statements made by Laclede
14 Gas Company (“Laclede”) and Laclede Gas Company d/b/a Missouri Gas Energy
15 (“MGE”) (collectively, “Companies”) in this case related to the Red-Tag Repair Program
16 and the Low-Income Energy Affordability Program (the latter consisting of the Fixed
17 Charge Assistance Program and Arrearage Repayment Program).

18 **Q. What information did you review in preparation of this testimony?**

19 A. In preparation of this testimony, I reviewed the Direct Testimony filed by the Companies’
20 witnesses in this case, parts of various case-related filings in this and previous natural gas
21 rate cases, materials pertaining to energy efficiency, past tariffs, and data request responses
22 from the Companies.

1 **III. RECOMMENDATIONS**

2 **Q. What recommendations do you have regarding Laclede's and MGE's Red-Tag**
3 **Repair and Low-Income Energy Affordability Programs?**

4 A. DE recommends that Laclede continue its Red-Tag and Low-Income Energy Affordability
5 Programs and that MGE continue its Red-Tag Repair Program and begin a Low-Income
6 Energy Affordability Program. Improved oversight is needed to allow full utilization of the
7 programs and enhance energy savings opportunities for ratepayers. The Red-Tag Repair
8 Program should be modified to require that the furnaces qualified under the program be
9 replaced with at least 90 percent energy-efficient models, but would encourage
10 replacement with even more efficient models such as ENERGY STAR® certified
11 appliances at 95% efficiency. Requiring replacement with higher efficiency models will
12 assist with energy affordability and align with the efficiency requirement for furnace
13 replacements under the federal Low-Income Weatherization Assistance Program.¹ In order
14 to ensure accountability and record accuracy for both the Red-Tag Repair and Low-Income
15 Energy Affordability Programs, each company should begin tracking and reporting all
16 administrative costs. As described in my Direct Testimony, if improved tracking, reporting
17 and accountability for the full use of available funds cannot be reasonably assured, we
18 encourage the Companies to work with stakeholders to develop and implement a plan for
19 third-party administration of the programs.

¹ Missouri Weatherization Field Guide SWS-Aligned Edition. Krigger, J. Version 033115, March 2013 Edition, Page 247. Retrieved from: http://wxfieldguide.com/mo/MOWxFG_033115_Web.pdf.

- 1 **Q. Have the Companies utilized the funding allotted for the Red-Tag Repair Programs?**
- 2 A. No. Based on my review of the program expenditures for 2014-2017, the Companies have
3 not spent the allotted amounts designated for the Red-Tag Repair Programs since their
4 inception in 2013, and the equipment provided is not energy efficient.²
- 5 **Q. Has Laclede utilized the funding allotted for the Low-Income Energy Affordability
6 program?**
- 7 A. No. Based on my review of the program expenditures for 2014-2017, Laclede has not spent
8 the allotted amount designated for the Low-Income Energy Affordability program since its
9 inception in 2013.³ Furthermore, testimony in Case No. GR-2010-0171 provides
10 information indicating the underutilization of funds for Laclede's Low-Income Energy
11 Affordability Program dating back to before 2007.⁴
- 12 **Q. Does MGE offer a Low-Income Energy Affordability program?**
- 13 A. No. According to Data Request Response 717, MGE does not currently have a Low-
14 Income Energy Affordability Program; however, there was a one-time, short duration
15 program that expired over 3 years ago.⁵
- 16 **Q. Company witness Mr. Scott A. Weitzel's Direct Testimony states that the Companies
17 are proposing to increase the maximum amount allowed under the Red-Tag Repair**

² Missouri Public Service Commission Case Nos. GR-2017-0215 and GR-2017-0216, *In the Matter of Laclede Gas Company's Request to Increase its Revenues for Gas Service and In the Matter of Laclede Gas Company d/b/a Missouri Gas Energy's Request to Increase its Revenues for Gas Service*, Data Request Responses 700 and 701.

³ *Ibid.*

⁴ Missouri Public Service Commission Case No. GR-2010-0171, *In the Matter of Laclede Gas Company's Tariff to Increase Its Annual Revenues for Natural Gas Service*, Direct Testimony of Barbara A. Meisenheimer Submitted on Behalf of the Office of the Public Counsel, May 10, 2010, page 7, lines 3-13.

⁵ Missouri Public Service Commission Case Nos. GR-2017-0215 and GR-2017-0216, *In the Matter of Laclede Gas Company's Request to Increase its Revenues for Gas Service and In the Matter of Laclede Gas Company d/b/a Missouri Gas Energy's Request to Increase its Revenues for Gas Service*, Data Request Response 717.

1 **Program from \$450 to \$1,000 with a maximum of \$700 towards a furnace**
2 **replacement.⁶ Do you agree with the proposed cap amounts for the Red-Tag Repair**
3 **Programs?**

4 A. DE does not oppose these proposed caps. According to the Health and Safety Report
5 provided by DE's Weatherization staff, furnaces that were replaced in Missouri under the
6 Federal Low-Income Weatherization Assistance Program for fiscal year 2017 (July 1, 2016
7 – June 30, 2017) with at least 90 percent energy-efficient models have an average
8 replacement cost of about \$3,320. A \$700 cap would make a notable contribution to the
9 needed cost to replace a furnace with at least a 90 percent energy-efficient model.

10 **Q. Mr. Weitzel also states in his Direct Testimony that the Company has, "...**
11 **encountered numerous circumstances where service could not be restored to a**
12 **customer because the cost of repairs significantly exceeded the current maximum**
13 **allowance or because they simply couldn't be made at all, with the only feasible option**
14 **being to replace the appliance."⁷ Were you able to verify this assertion?**

15 A. No. In response to DED-DE Data Requests 722 and 723, the Companies stated that they
16 do not track the number of customers who were disconnected and unable to have their
17 furnaces repaired under the Red-Tag Repair Program due to the current program repair cap.
18 Furthermore, in response to MPSC Data Request 0321, the Company states that, "There
19 was no specific analysis performed to derive the \$700 recommended allowance."

⁶ Missouri Public Service Commission Case Nos. GR-2017-0215 and GR-2017-0216, *In the Matter of Laclede Gas Company's Request to Increase its Revenues for Gas Service and In the Matter of Laclede Gas Company d/b/a Missouri Gas Energy's Request to Increase its Revenues for Gas Service*, Direct Testimony of Scott A. Weitzel, April 11, 2017, page 7, lines 5-12.

⁷ *Ibid*, lines 15-18.

1 **Q. Does the Division of Energy support, "...no more than \$450 going toward each other**
2 **gas appliances or piping."?**

3 **A.** DE does not oppose a contribution to other gas appliances that are non-space heating
4 appliances where there is no shut off valve to the non-space heating appliance. We
5 recommend that this qualification be added to the tariff language.

6 **Q. Are you able to provide information on the level of expenditures for Laclede's Low-**
7 **Income Energy Affordability Program?**

8 **A.** Not at this time. I requested information in DED-DE Data Request 716.1 regarding the
9 administrative costs of the Low-Income Energy Affordability Program in order to provide
10 an accurate analysis of the program and its funding. Once a response is received, an
11 analysis may be conducted to assess the actual expenditures of the program.

12 **IV. CONCLUSION**

13
14 **Q. Please summarize your testimony.**

15 **A.** DE generally supports the Laclede and MGE Red-Tag Repair and Low-Income Energy
16 Affordability Programs, but believes that modifications are needed that will encourage full
17 utilization of the programs. If better utilization cannot be assured, DE recommends that the
18 Companies meet with stakeholders to develop a plan for third-party administration of the
19 programs. The Red-Tag Repair Programs should require that furnaces are replaced with at
20 least 90 percent energy-efficient equipment, but would encourage replacement with even
21 more efficient models such as ENERGY STAR® certified appliances at 95% efficiency.
22 Finally, administrative costs for both programs should be tracked and reported in a manner
23 that will ensure accountability and accuracy

24 **Q. Does this conclude your Rebuttal Rate Design Testimony?**

1 | A. Yes, thank you.