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**MISSOURI PUBLIC SERVICE COMMISSION**

**FILE NO. GR-2019-0077**

**SURREBUTTAL TESTIMONY**

**OF**

**LAUREEN M. WELIKSON**

**ON**

**BEHALF OF**

**UNION ELECTRIC COMPANY**

**d/b/a Ameren Missouri**

**St. Louis, Missouri  
July, 2019**

Ameren Exhibit No 18  
Date 8-15-19 Reporter CDT  
File No GR-2019-0077

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**SURREBUTTAL TESTIMONY**

**OF**

**LAUREEN WELIKSON**

**FILE NO. GR-2019-0077**

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

2           A.     Laureen M. Welikson, Union Electric Company d/b/a Ameren Missouri ("Ameren  
3 Missouri" or "Company"), One Ameren Plaza, 1901 Chouteau Avenue, St. Louis, Missouri 63103.

4           **Q.     Are you the same Laureen M. Welikson that filed direct and rebuttal**  
5 **testimony in this proceeding?**

6           A.     Yes, I am.

7                           **I.    PURPOSE OF TESTIMONY**

8           **Q.     What is the purpose of your surrebuttal testimony in this proceeding?**

9           A.     My surrebuttal testimony in this proceeding addresses testimony from Staff  
10 witnesses Kory Boustead, Robin Kliethermes and Michael Stahlman on funding for the proposed  
11 Low-Income Natural Gas Energy Efficiency Program, changes to the existing natural gas energy  
12 efficiency programs, the Weather Normalization and Conservation Adjustment Rider, and the Red  
13 Tag Repair Program. I also address Office of Public Counsel witness Geoff Marke, Ph.D.'s  
14 recommendation to discontinue energy efficiency programs, his opposition to the Red Tag Repair  
15 Program, and his proposal to develop a statewide Technical Resource Manual ("TRM").

16                           **II.   FUNDING OF LOW-INCOME NATURAL GAS ENERGY EFFICIENCY**

17           **Q.     Please explain Staff witness Kory Boustead's position on funding the new Low-**  
18 **Income Natural Gas Energy Efficiency Program and how it differs from the Company's**  
19 **proposal.**

1           A.     Ms. Boustead recommends that funding for the proposed Low-Income Natural Gas  
2 Energy Efficiency Program be part of the \$700,000 annual portfolio funding level. Ameren  
3 Missouri has proposed that funding for the low-income weatherization come from unspent  
4 program funds allocated to the gas energy efficiency plan approved in the Company's last gas rate  
5 case, File No. GR-2010-0363.

6           **Q.     Do you agree with Ms. Boustead's position?**

7           A.     No. Both the prior funding allocation and the proposed funding allocation are  
8 collected from the same general population of customers, so there does not seem to be a benefit to  
9 not allowing prior funds to be spent on new programs if they are approved by the Commission.  
10 Assuming the Commission approves the new low-income energy efficiency program, program  
11 funding must be provided. Instead of increasing the amount in base rates from \$700,000 to  
12 \$966,531, it is more practical to keep the current base funding level of \$700,000 and use unspent  
13 energy efficiency funds from previous years to fund the proposed expansion of options available  
14 to low-income customers. <sup>1</sup> Future decisions about base funding levels can be made in future rate  
15 cases to reflect the actual experience of this program funding approach.

16           **Q.     Is the proposed low-income energy efficiency program cost-effective?**

17           A.     Yes. The Ameren Missouri Natural Gas Submittal Tool included as a workpaper  
18 with my direct testimony showed that both the Total Resource Cost Test ("TRC") and the Utility  
19 Cost Test ("UCT") for the proposed program are above one. Results above a one indicate that the  
20 benefits of the program exceed the costs, meaning that they are cost-effective. Specifically, the  
21 TRC and the UCT results both averaged 1.09 over three years.

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<sup>1</sup> The annual budgets over a three-year period were included in my direct testimony, and the \$966,531 was the overall funding amount based on the test year energy efficiency regulatory liability as well as the assumption that the low-income program funds would be spent evenly over three years.

1           **III. NATURAL GAS ENERGY EFFICIENCY PROGRAM CHANGES**

2           **Q. Do you agree with Ms. Boustead's opposition to extending natural gas energy**  
3 **efficiency programs to transportation customers?**

4           A. While I don't necessarily agree with all of her arguments, as Company witness  
5 Michael Harding explains, the Company agrees with her conclusion and the Weather and  
6 Conservation Rider will not apply to Transportation customers. Therefore, the Company concurs  
7 with Ms. Boustead that Transportation customers should remain excluded from the energy  
8 efficiency programs. In addition, the Weather and Conservation Rider will not apply to  
9 Interruptible customers, and they should also be excluded from the natural gas energy efficiency  
10 programs.

11           **Q. Ms. Boustead has proposed that natural gas energy efficiency spending be**  
12 **allowed to exceed the \$700,000 budget by up to 20 percent, and that any expenditures above**  
13 **that allowance would require Commission approval. Do you agree with that**  
14 **recommendation?**

15           A. Yes, Ameren Missouri believes this approach is reasonable, assuming it is applied  
16 once all the regulatory liability from previous funding years is fully expended.

17           **Q. Do you agree with Ms. Boustead's concern that custom measures are not**  
18 **appropriate due to lack of retrospective evaluation, measurement, and verification**  
19 **("EM&V")?**

20           A. No. Ameren Missouri believes that the proposed Technical Reference Manual  
21 ("TRM") could be used to determine savings for custom measures. Custom measures follow the  
22 established formulas of standard measures (i.e., follow the TRM with custom inputs) or rely on  
23 energy modeling to determine savings amounts (e.g., building simulations for new construction);

1 therefore, it is reasonable to allow custom measures without formal EM&V. Further, as discussed  
2 later in my testimony, the Company is willing to more formally evaluate the natural gas energy  
3 efficiency programs if parties are concerned about the lack of primary evaluations.

4 **Q. Do you agree with Ms. Boustead's and Mr. Stahlman's concerns regarding the**  
5 **proposed TRM?**

6 A. Ameren Missouri is not proposing to use its proposed TRM as a statewide TRM,  
7 and agrees with Ms. Boustead that it would not be appropriate to ask for a statewide TRM in a rate  
8 case of one utility. However, the Company does believe its proposed TRM could be useful in the  
9 development of a statewide natural gas TRM, if there are future efforts to develop one.

10 **Q. Staff points out that there is a difference between the results in the TRM and**  
11 **what was found in 2011. Is that a valid concern?**

12 A. I do not believe that it is. As far as cost effectiveness results being different than  
13 in 2011, this is not surprising. The Company's analysis was based on the most recent data available,  
14 including the latest avoided cost information, both from the draft Missouri Statewide TRM and  
15 the TRM filed with Ameren Missouri's MEEIA 3 filing, and from historical measure data from  
16 our existing energy efficiency programs when available. Ameren Missouri is willing to discuss  
17 with Staff and other interested parties the algorithms and input values used in the most recent cost  
18 effectiveness analysis so they can better understand our proposal. We believe such discussions  
19 should allay most, if not all, of Staff's concerns.

20 **Q. Do you agree with Dr. Marke's recommendation to develop a statewide TRM?**

21 A. As I mentioned in my direct testimony, the Company supports participating in a  
22 proceeding leading to adoption of a statewide natural gas TRM. However, the Company's proposed

1 TRM needs to be approved in this case to implement the conservation element of the proposed  
2 WCAR.

3 **Q. Do you agree with Dr. Marke's concerns regarding free ridership?**

4 A. No. Dr. Marke contends natural gas energy efficiency programs should be  
5 completely eliminated due to "high" free ridership, but has provided no evidence to support his  
6 claim. As modeled, the free ridership for the residential natural gas energy efficiency program  
7 could increase to 63% before the TRC falls below 1.0, and it would have to increase to 85% before  
8 the UCT would fall below 1.0. The free ridership for the business program would have to increase  
9 to 13% before the TRC would fall below 1.0, and it would have to increase to 59% before the UCT  
10 would fall below 1.0. Low income programs are generally modeled with zero free ridership.

11 **Q. Is Dr. Marke correct that natural gas energy efficiency program costs have**  
12 **never exceeded the budget?**

13 A. No. While it is true that program costs were less than the budget for many years,  
14 this has changed recently with increased partnering between the electric and natural gas energy  
15 efficiency programs. The 2018 program spending was higher than the budget and this is expected  
16 to continue.

17 **Q. Is it true Ameren Missouri has no incentive to promote natural gas energy**  
18 **efficiency when it could promote electric space heating?**

19 A. No. Customers typically replace major appliances with "like" appliances. When  
20 they choose to replace their gas furnace, they typically replace it with another gas furnace. When  
21 this happens, energy efficiency programs encourage customers to install a more efficient gas  
22 furnace than they normally would have, or to install the efficient furnace sooner.

1                   **IV.           WEATHER NORMALIZATION AND CONSERVATION**  
2                                           **ADJUSTMENT RIDER**

3                   **Q.     Mr. Stahlman contends it is unclear whether Ameren Missouri has any**  
4 **conservation measures. How do you respond to that contention?**

5                   A.     Section 386.266, RSMo. discusses the cost recovery and implementation of  
6 conservation and weatherization programs, but does not define either term. Mr. Stahlman has  
7 chosen to use the most restrictive definition, and argues only behavior changes qualify as  
8 "conservation" under that definition. But there is no basis to assume the General Assembly  
9 intended to limit the term "conservation" to behavior changes and allow cost recovery only for  
10 programs that create such change, and such an assumption is essential to Mr. Stahlman's argument.  
11 Many of the measures offered in the Company's natural gas energy efficiency programs are also  
12 often included in weatherization programs, such as efficient furnaces and insulation. In addition,  
13 the Company includes the Home Energy Report, a behavior program, as a part of its energy  
14 efficiency offerings under the Missouri Energy Efficient Investment Act ("MEEIA"). As discussed  
15 in the rebuttal testimony of Company witness Michael Harding, the measures in our programs  
16 clearly fall under the definition of conservation as used in other parts of the Missouri Revised  
17 Statutes. Consequently, there is no basis to believe Mr. Stahlman's narrow interpretation of the  
18 statute is correct.

19                   **Q.     Do you agree with Staff witness Robin Kliethermes that EM&V is required**  
20 **for the WCAR?**

21                   A.     No. It is reasonable to use the proposed TRM to determine savings for the  
22 conservation adjustment; no formal EM&V is required. That is a benefit to having an approved  
23 TRM; it allows for evaluation at a lower cost. I would note that much of the EM&V process that  
24 is conducted for electric energy efficiency focuses on the establishment of net-to-gross factors.



1 These factors consider things like free-ridership, spillover, and other considerations that go into  
2 appropriately attributing savings to the Company or other causes. That is necessary for purposes  
3 of electric programs due to the nature of the statutory framework that enables cost recovery of  
4 those programs. In contrast, for purposes of the statutory language applicable to gas utilities that  
5 the Company is relying on for the proposed WCAR, attribution is irrelevant. Whether the  
6 Company ultimately is credited for causing the customer load reductions is irrelevant to  
7 determining whether conservation is taking place. Mr. Harding's surrebuttal testimony highlights  
8 that Company energy efficiency program impacts are one subset of what the statutory reference to  
9 conservation can mean. Another form of conservation are actions undertaken by customers on their  
10 own initiative — actions which could result in program free-ridership, and yet still also result in  
11 conservation. In the context of the WCAR, free-ridership is a distinction that makes no difference.  
12 Whether the decision to implement a conservation measure was dependent on the program  
13 incentive or not, the program records are able to measure a conservation action taken by the  
14 customer, and its impact should be included in the WCAR. All of that said, if parties feel more  
15 formal evaluation is necessary, the Company is willing to evaluate its programs. The MEEIA rules  
16 support an evaluation budget of 5% of the portfolio budget which, if applied similarly to natural  
17 gas programs, would be about \$35,000 each year. With such a limited annual budget, it would be  
18 more appropriate to earmark \$35,000 from the budget and conduct an evaluation every three years.  
19 That said, and given the effort that has been put into developing the proposed TRM (including full  
20 stakeholder review during the draft statewide TRM development), it is my opinion that it is entirely  
21 reasonable to use the TRM (without additional EM&V) to record and track energy savings.

1           **Q.     Mr. Harding uses estimated therm savings from weather sensitive measures to**  
2 **account for the interactive effects of weather and conservation in the WCAR. How were**  
3 **these values determined?**

4           A.     These values are from the natural gas deemed savings tables developed from the  
5 proposed TRM. They are based on algorithms from the TRM, actual values for the input variables  
6 from program historical data when available, and default values from the TRM when actual  
7 historical values are not available. They match the values used in the submittal tool to determine  
8 cost-effectiveness for the proposed programs.

9           **Q.     Does the law require the adjustment for interactive effects of conservation and**  
10 **weather?**

11          A.     No. The law states adjustments can be made to reflect the impacts of weather,  
12 conservation, or both. It does not require the adjustment for both; otherwise, it would have said  
13 "and both."

14          **Q.     Does this conclude your surrebuttal testimony?**

15          A.     Yes, it does.

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

In the Matter of Union Electric Company	)	
d/b/a Ameren Missouri's Tariffs to Increase Its	)	File No. GR-2019-0077
Revenues for Natural Gas Service.	)	

**AFFIDAVIT OF LAUREEN M. WELIKSON**


**STATE OF MISSOURI**    )  
                                          ) ss  
**CITY OF ST. LOUIS**    )

Laureen M. Welikson, being first duly sworn on her oath, states:


1.     My name is Laureen M. Welikson. I work in the City of St. Louis, Missouri, and I am employed by Union Electric Company d/b/a Ameren Missouri as Senior Consultant in Energy Efficiency Evaluation & Strategy.

2.     Attached hereto and made a part hereof for all purposes is my Surrebuttal Testimony on behalf of Union Electric Company d/b/a Ameren Missouri consisting of 8 pages and Schedule(s) \_\_\_\_\_ no schedules \_\_\_\_\_, all of which have been prepared in written form for introduction into evidence in the above-referenced docket.

3.     I hereby swear and affirm that my answers contained in the attached testimony to the questions therein propounded are true and correct.

  
Laureen M. Welikson

Subscribed and sworn to before me this 9th day of July, 2019.

  
Notary Public

My commission expires:

