

# EXHIBIT

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GR-2017-0216

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## REBUTTAL TESTIMONY

OF

LENA M. MANTLE

Submitted on Behalf of the Office of the Public Counsel

**LACLEDE GAS COMPANY  
MISSOURI GAS ENERGY**

CASE NO. GR-2017-0215  
CASE NO. GR-2017-0216

October 17, 2017

OPC Exhibit No. 411  
Date 12-15-17 Reporter AF  
File No. GR-2017-0216  
GR-2017-0215

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

In the Matter of Laclede Gas Company's     )  
Request to Increase Its Revenues for Gas     )     Case No. GR-2017-0215  
Service     )

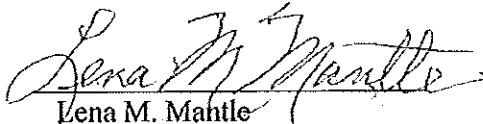
In the Matter of Laclede Gas Company     )  
d/b/a Missouri Gas Energy's Request to     )     Case No. GR-2017-0216  
Increase Its Revenues for Gas Service     )

**AFFIDAVIT OF LENA MANTLE**

STATE OF MISSOURI     )  
   )     ss  
COUNTY OF COLE     )

Lena Mantle, of lawful age and being first duly sworn, deposes and states:


1. My name is Lena Mantle. I am a Senior Analyst for the Office of the Public Counsel.
2. Attached hereto and made a part hereof for all purposes is my rebuttal testimony.
3. I hereby swear and affirm that my statements contained in the attached testimony are true and correct to the best of my knowledge and belief.

  
Lena M. Mantle  
Senior Analyst

Subscribed and sworn to me this 17<sup>th</sup> day of October 2017.



JERENE A. BUCKMAN  
My Commission Expires  
August 23, 2021  
Cole County  
Commission #13764037

  
Jerene A. Buckman  
Notary Public

My Commission expires August 23, 2021.

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**REBUTTAL TESTIMONY**

**OF**

**LENA M. MANTLE**

**LACLEDE GAS COMPANY**

**MISSOURI GASE ENERGY COMPANY**

**CASE NOS. GR-2017-0215 and GR-2017-0218**

**INTRODUCTION**

1

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

3 A. My name is Lena M. Mantle. My business address is P.O. Box 2230, Jefferson  
4 City, Missouri 65102. I am a Senior Analyst for the Office of the Public Counsel  
5 (“OPC”).

6 **Q. Are you the same Lena M. Mantle that filed direct testimony in this case?**

7 A. Yes, I am.

8 **Q. What is the purpose of your rebuttal testimony?**

9 A. In this testimony I provide OPC’s position that the most comprehensive and  
10 effective low-income affordability program for Laclede Gas Company (“Laclede”)  
11 and Missouri Gas Energy Company (“MGE”) is to keep Laclede’s and MGE’s  
12 (“companies”) rates as low as possible while insuring safe and adequate service.  
13 I also respond to the low-income affordability programs proposed by the  
14 companies and Consumers Council of Missouri (“Consumers Council”) witness  
15 Jacqueline A. Hutchinson.

16 **BENEFITS OF KEEPING RATES LOW**

17 **Q. How is keeping rates as low while maintaining safe and adequate service the**  
18 **most comprehensive low-income affordability program?**

1 A. Consumers Council witness Ms. Hutchinson provided direct testimony regarding  
2 the large number of low-income residents in Missouri and in the companies'  
3 service territory.<sup>1</sup> The number of these customers, who can receive relief through  
4 federal-heating-assistance programs is limited by the amount of federal funding  
5 provided for those programs. In addition, the number of low-income customers,  
6 who can be helped through utility funded programs, is limited by the amount of  
7 funding of those programs. Not only does funding limit the number of customers  
8 who can benefit, these programs add layers of administrative costs and red-tape in  
9 the application process. The most comprehensive help is low rates that allow for  
10 recovery of only prudent, normalized costs that provide service and benefits to all  
11 the customers. Moreover, this approach decreases the energy burden of all low-  
12 income customers and does not add any additional administrative requirements to  
13 the utility or red-tape for customers.

14 Rates for all customers increase when costs of programs and projects that  
15 do not provide benefits to all the customers that pay for them are included in  
16 revenue requirement.

17 **Q. Do you have a specific example?**

18 A. Yes. Projects such as the \$5.1 million Combined Heat and Power (“CHP”) pilot  
19 program proposed by Missouri Department of Economic Development, Division  
20 of Energy (“DE”) in the direct testimony of Jane Epperson<sup>2</sup> would benefit  
21 approximately ten large customers but increase costs to all customers. In witness  
22 Martin Hyman’s direct testimony, DE also suggests the Commission require the  
23 companies to spend more money on energy-efficiency programs without any  
24 requirement that those programs show benefits greater than the cost to the

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<sup>1</sup> Hutchinson Direct, pages 4-5 and Attachment A

<sup>2</sup> See the rebuttal testimony of OPC witness John A. Robinett regarding DED’s proposed CHP program.

1 customers who pay for them.<sup>3</sup> Mr. Hyman admits in his direct testimony that  
2 these “energy efficiency programs are valuable from the perspective of the  
3 participating customers, who experience bill savings and, in certain instances,  
4 additional benefits such as improved comfort, health, and safety.”<sup>4</sup> Mr. Hyman  
5 does not mention any benefits to the customers who are required to pay for these  
6 programs. This cost that is spread to all customers regardless of their incomes.

7 **Q. Do you have other examples?**

8 A. Yes. Other examples are the companies’ red-tag program, the low-income-  
9 affordability programs proposed by the companies and various parties, and  
10 various proposals for economic development considerations.<sup>5</sup> Again, the parties  
11 are proposing costs be spread to all customers regardless of their incomes. While,  
12 in testimony, witnesses’ offer vague descriptions of benefits, no witness provides  
13 any quantification showing that the benefits to the customers who would be  
14 required to pay for the program outweigh the costs to those customers.

15 **Q. Is OPC saying that these “vague” benefits are not real?**

16 A. No, it is not. The issue is that the benefits of these programs and projects have not  
17 been measured to determine whether they outweigh the costs to all customers.  
18 Moreover, many of these benefits are non-monetary and cannot be measured.  
19 However, what can be measured is the impact on rates, and therefore on  
20 customers’ bills, of requiring the companies to include the cost of these programs  
21 in its revenue requirement. This impact is felt by all customers but particularly by  
22 low-income customers who are receiving assistance and the low-income  
23 customers who are struggling to pay their energy bills without assistance.

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<sup>3</sup> Hyman Direct, page 13: 14-17

<sup>4</sup> Page 8: 15-17

<sup>5</sup> See the rate design rebuttal testimony of OPC witness Dr. Geoff Marke regarding the companies’ line extension and economic development rider proposals.

1 **Q. Do you have any comment about Consumers Council’s testimony?**

2 A. Yes. Consumer Council’s witness Jaqueline A. Hutchinson provided testimony  
3 regarding the staggering number of households facing unaffordable home energy  
4 burdens in Missouri.<sup>6</sup> The only way to affect every one of these households  
5 through this case is to make sure that only prudent costs necessary to provide safe  
6 and adequate service are included in revenue requirement. Any other costs should  
7 only be included if it can be demonstrated that there is a monetary benefit that  
8 outweighs the costs to all customers – not just to the participants who receive the  
9 benefits of the program.

10 **Q. Each of these programs would only increase the revenue requirement by a  
11 small percentage. Does that small increase really make a difference?**

12 A. If it were limited to just one “small difference” the impact would be small.  
13 However, the companies and many intervenors seem to have the impression that  
14 the “small increase” or the “small cost” that they are requesting for their chosen  
15 program or project is valid while not realizing that each of these projects would be  
16 funded, not by a rich old uncle, but by customers - many of whom do not have  
17 deep pockets.

18 The “small increases” for these programs build with the number of  
19 projects and across rate cases resulting in a real impact on customers’ bills. This  
20 takes money from the customers that, if not being used to pay for these programs  
21 and projects, would be used in a manner chosen by the customer that provides  
22 value to the customer. For the low-income customers this may mean food or  
23 medicine that they would have forgone to be able to heat their homes.

24 **Q. What specific projects and programs is OPC recommending the Commission  
25 not allow in revenue requirements for the companies?**

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<sup>6</sup> Hutchinson Direct, pages 4-5 and Attachment A

1 A. At this time, OPC is recommending no funding for low-income affordability  
2 programs, the Red-Tag program, a CHP program, energy efficiency programs,  
3 economic development riders, system expansion costs, and any other program or  
4 project that does not show monetary benefits to the customers that pay for the  
5 program greater than the costs of the program.

6 Q. Are these bad programs or projects?

7 A. Not necessarily. However, without evidence that these programs provide  
8 monetary benefits that are greater than their costs to the customers who pay for  
9 them (not just the participants), they should not be funded by captive ratepayers.

10 **REBUTTAL OF THE COMPANIES' PROPOSED PROGRAMS**

11 Q. Have you identified programs that the companies have proposed that OPC  
12 believes fall into this category of projects or programs that do not provide  
13 more benefits than costs?

14 A. Yes. In my direct testimony, I presented OPC's recommendation that the  
15 companies should not continue any energy efficiency projects until they clearly  
16 demonstrate that these programs benefit the customers who are paying for them by  
17 more than it is costing the customers. OPC witness Dr. Geoff Marke is providing  
18 rebuttal testimony regarding the impact of the companies change to their line  
19 extension policy and the companies' proposed economic development riders.

20 In addition, the Commission should not approve the low-income  
21 affordability program proposed by the companies or allow the current low-income  
22 affordability programs and Red-Tag program to continue.

23 Q. Why should the Commission not approve the low-income affordability  
24 program proposed by the companies?



1 A. Laclede has not shown that it is committed to its current low-income affordability  
2 programs nor does it discuss in its testimony what actions it is or is going to  
3 undertake to change its lack of commitment to any low-income affordability  
4 program. While in his direct testimony, Laclede witness Scott A. Weitzel states  
5 that the companies proposed low-income affordability program will “hopefully”  
6 make it easier for eligible customers to participate,<sup>7</sup> he does not explain how this  
7 modified program will actually work or how the proposed changes make the  
8 program better. Instead he sends the reader to find program details in the  
9 companies’ proposed tariff sheets R-49-50.<sup>8</sup>

10 Q. Did you review these proposed tariff sheets?

11 A. Yes, I did.

12 Q. Do the sheets that Mr. Weitzel point to in his testimony provide a  
13 comprehensive description of the program?

14 A. No. First of all the program description is found on proposed tariff sheets R-49  
15 through 52. Even after several readings of these proposed tariff sheets, I do not  
16 understand how this program will work. For example, according to these tariff  
17 sheets, to be enrolled in the program a customer needs to register with a  
18 community action agency, apply for energy assistance funds, and review and  
19 implement cost-free, self-help energy conservation measures. The proposed tariff  
20 sheet allows any residential customer to apply and therefore be eligible to  
21 participate in the program regardless of their income. The proposed tariff sheets  
22 do not contain a requirement that this program is only available to low-income  
23 customers.

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<sup>7</sup> Weitzel Direct, page 4: 20-21.

<sup>8</sup> *Id.* page 11: 7-8.

1           The companies' witness C. Eric Lobser states in his direct testimony that  
2           the program would provide year-round credit to the fixed monthly charge.<sup>9</sup> The  
3           tariff sheet, however, describes that a \$30 credit would apply first to the fixed  
4           charge and then to the volumetric charge but does not make any reference to this  
5           being a year-round credit.

6           The arrearage payment portion of the program is equally confusing. The  
7           way I read the tariff sheet customers may not apply in January through March or  
8           July through September. The tariff sheet states the customer "may" receive  
9           arrears repayment which leads me to believe it is a decision within the  
10          discretion of the company. The assistance that the companies "may" provide  
11          differs if the customer enrolls in October through December or April through  
12          June. If the customer applies in October through December, the customer has to  
13          make a payment of only \$30 or less to off-set their arrearages but the customer  
14          who applies in in April through June has to pay one-third of their unpaid balance.

15   **Q. Why is it important for the program to be clearly described in the**  
16   **companies' tariffs?**

17   **A.** Tariff language describes the terms and conditions of the service the utility  
18    provides to its customers – in this instance the companies' proposed low-income  
19    affordability program. It is important tariff language be plain and clear so the  
20    Commission, the utility and the utility's customers can understand the company's  
21    responsibilities to its customers and the Commission may determine whether the  
22    utility is in compliance with its approved tariffs.

23   **Q. In his direct testimony, Mr. Weitzel states that other customers would benefit**  
24   **because the companies low-income affordability program would result in**

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<sup>9</sup> Lobser Direct, page 15: 5-6.

1            **contributions to fixed costs.<sup>10</sup> Do you agree that this is a benefit to other**  
2            **customers?**

3            A.    No. This would only be true if the customers were not the ones providing the  
4            funds for the programs. Since all customers are paying for the programs, all  
5            customers are simply contributing more to the companies' fixed costs meaning the  
6            low-income affordability programs are a benefit only to the companies.

7            **Q.    Since the proposed low-income affordability program is not well defined, is it**  
8            **OPC's position that the current low-income affordability program be**  
9            **continued?**

10          A.    No. Because the companies have not been able to show that the program is  
11          monetarily beneficial to the customers funding the program and to reduce revenue  
12          requirement so all low-income customers may receive a benefit, it is OPC's  
13          recommendation that the Commission order the companies to discontinue their  
14          current low-income affordability programs.

15          **Q.    Is this the same reason that OPC is proposing the Red-Tag Program be**  
16          **discontinued?**

17          A.    Yes. This program has had very limited success. According to information  
18          Laclede provided in response to DE data request 700, there have been no invoices  
19          that fall under \$20 which is the "Avoid Red Tags" part of the program. In the  
20          twelve months ending September 2017 only 38 customers participated and  
21          Laclede paid out less than \$5,300 of the allowed \$25,000. Of the invoices paid in  
22          that time period, there was only one that hit the current cap of \$450.

23          **Q.    This is a low cost program. Would discontinuing it make a difference to the**  
24          **customers' rates?**

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<sup>10</sup> Weitzel Direct, page 10: 9-11.

1 A. Discontinuance of this program by itself would not likely make a difference in the  
2 rate calculation. But combined with the costs of other programs, it would make a  
3 difference.

4 **REBUTTAL OF CONSUMER COUNCIL'S PROPOSED PROGRAM**

5 **Q. Why should the Commission not approve the low-income affordability**  
6 **program proposed by Consumer Council?**

7 A. The Commission should not approve the program proposed by Consumers  
8 Council witness Jacqueline A. Hutchinson because it is asking the Commission  
9 for a yet-to-be defined program to be funded at the amount of \$10 million a year.<sup>11</sup>  
10 If this amount is placed in revenue requirement in this case, it would definitely  
11 result in higher rates and it could be many months before the program was  
12 developed and implemented. If instead of being placed in revenue requirement  
13 the costs of such a program are placed in a deferred asset account to be amortized  
14 in the next rate case, it will not result in higher rates in this case but it just moves  
15 the cost down the road resulting in higher rates in the next case.

16 While a well-designed low-income program funded at this level may help  
17 a greater number of low-income customers that apply for help, it increases the  
18 energy cost burden of all other customers -- many who are low-income that will  
19 not ask for help. For this reason, the Commission should not approve the low-  
20 income affordability program proposed by Consumer Council.

21 **CONCLUSION**

22 **Q. What is your overall conclusion?**

23 A. The best way to positively impact every low-income customer of Laclede and  
24 MGE is to keep rates as low as possible while maintaining safety and an adequate  
25 system to serve. Adding programs that have not shown to provide a monetary

1 benefit greater than the cost to the customers that are paying for the program only  
2 adds to customers' energy burden without adding proven benefits. This includes  
3 energy efficiency programs, CHP pilot programs, low-income affordability  
4 programs, the red-tag program, economic development riders, and including  
5 system expansion costs in rates. While each of the programs on its own may not  
6 increase rates substantially, together the programs add to the energy burden  
7 without proven benefits. Before being funded, programs need to be well defined  
8 and provide monetary benefits to, not just the participants, but also to the  
9 customers that pay for each program. Programs should not be continued just  
10 because they currently exist and programs should not be added just because a  
11 similar program has been started at another utility. Ultimately, as demonstrated  
12 by the testimony of customers at public hearings and through public comments  
13 entered into the Commission's electronic filing and information system ("EFIS"),  
14 customers want the lowest possible rates while receiving safe and adequate  
15 service.

16 **Q. Does this conclude your direct testimony?**

17 **A. Yes, it does.**

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<sup>11</sup> Hutchinson Direct, page 6.