

Exhibit No.: 510
Issues: Red-Tag Repair Program
Witness: Erin K. Kohl
Sponsoring Party: Missouri Department of Economic
Development – Division of Energy
Type of Exhibit: Surrebuttal 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

SURREBUTTAL TESTIMONY

OF

ERIN K. KOHL

ON

BEHALF OF

MISSOURI DEPARTMENT OF ECONOMIC DEVELOPMENT

DIVISION OF ENERGY

Jefferson City, Missouri

November 21, 2017

DE Exhibit No. 510
Date 12-15-17 Reporter AF
File No. GR-2017-0215
GR-2017-0216

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

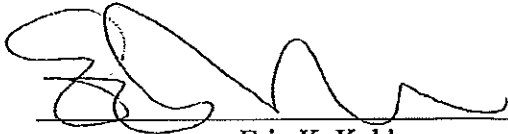
In the Matter of Laclede Gas Company's)	<u>File No. GR-2017-0215</u>
Request to Increase Its Revenue for Gas Service)	Tariff No. YG-2017-0195
In the Matter of Laclede Gas Company d/b/a)	
Missouri Gas Energy's Request to Increase Its)	<u>File No. GR-2017-0216</u>
Revenues for Gas Service)	Tariff No. YG-2017-0196

AFFIDAVIT OF ERIN K. KOHL

STATE OF MISSOURI)
)
COUNTY OF COLE) ss

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

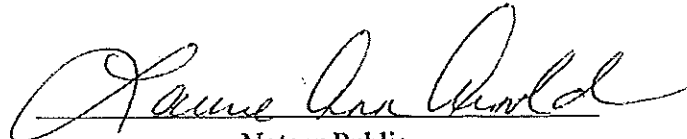
1. My name is Erin K. Kohl. I work in the City of Jefferson, Missouri, and I am employed by the Missouri Department of Economic Development, Division of Energy as a Planner II.
2. Attached hereto and made a part hereof for all purposes is my Surrebuttal Testimony on behalf of the Missouri Department 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 21st day of November, 2017.

LAURIE ANN ARNOLD
Notary Public - Notary Seal
State of Missouri
Commissioned for Callaway County
My Commission Expires: April 26, 2020
Commission Number: 16808714



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. Are you the same Erin Kohl who filed Direct and Rebuttal Testimony in this case?**

9 A. Yes. I filed Direct Rate Design and Rebuttal Rate Design Testimony on the Red-Tag
10 Repair and Low-Income Energy Affordability Programs.

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 the Rebuttal Testimonies of Laclede Gas
14 Company (“Laclede”) and Laclede Gas Company d/b/a Missouri Gas Energy (“MGE”)
15 (collectively, “Companies” or “Spire”) witness Mr. Scott A. Weitzel¹ and Office of the
16 Public Counsel (“OPC”) witness Ms. Lena M. Mantle² regarding the Red-Tag Repair
17 Program proposals in this case.

¹ 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*, Rebuttal Testimony of Scott A. Weitzel.

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*, Rebuttal Testimony of Lena M. Mantle.

1 **Q. What did you review in preparing this testimony?**

2 **A.** In preparation of this testimony, I reviewed the Rebuttal Testimony filed by witnesses in
3 this case, materials pertaining to energy efficiency, and data request responses from the
4 Companies.

5 **III. RESPONSE TO SPIRE**

6 **Q. Mr. Weitzel states on page 12, lines 19-21 of his testimony that the Companies have**
7 **concerns about your recommendation that furnace replacements be made with**
8 **furnaces that are at least 90 percent energy-efficient. Is your recommendation**
9 **consistent with best practices?**

10 **A.** Yes. According to Spire's website, replacing furnaces with a 95 percent or higher
11 efficiency model could save up to twenty percent in operating costs every year.³
12 Furthermore, the U.S. Department of Energy states that energy efficiency upgrades can
13 often cut fuel bills in half.⁴ Requiring replacement with higher efficiency models will
14 assist with energy affordability and align with the efficiency requirement for furnace
15 replacements of at least 90 percent energy-efficient (condensing sealed-combustion, direct
16 vent, furnace or boiler with a 90+ AFUE), under the Missouri Low-Income Weatherization
17 Assistance Program.⁵

18 **Q. On page 13, lines 16-18 of his testimony, Mr. Weitzel states that Spire fears that your**
19 **recommended requirement would limit the number of customers who could be helped**
20 **when they are struggling to just meet their basic needs. Please respond.**

³ Rebates and offers for home. 2017. Spire Inc. Retrieved from: <https://www.spireenergy.com/rebates-and-offers-home>

⁴ Furnaces and Boilers. 2017. Retrieved from: <https://energy.gov/energysaver/furnaces-and-boilers>

⁵ 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.

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1 A. I agree there are many customers struggling to meet their basic needs. As reported in the
2 U.S. Energy Information Administration’s Residential Energy Consumption Survey, about
3 one in five households reduced or forwent necessities such as food and medicine to pay an
4 energy bill.⁶ However, due to the additional energy savings allowing for lower operating
5 costs, requiring replacement with 90 percent energy-efficient models would promote basic
6 need fulfillment and safety and would allow customers to sustain adequate heating. As I
7 stated in my rebuttal testimony, furnaces that are at least 90 percent energy-efficient have
8 an average replacement cost of about \$3,320. Replacing with at least a 90 percent efficient
9 furnace should not limit the number of customers helped by the programs because the
10 underutilization of funds expended to date provides ample room for increased participation
11 levels. An increased cap from \$450 to \$700 would make a notable contribution to the cost
12 of replacement and should cover any additional incremental cost to purchase a higher
13 efficiency furnace. In addition to assuring heating service, the availability of red-tag
14 programs can also work as a bridge, enabling income-eligible households to qualify for
15 weatherization service. According to the technical and management resources provided by
16 the U.S. Department of Energy’s Office of Energy Efficiency & Renewable Energy,
17 weatherization work is deferred when any equipment has been “red-tagged,” so this
18 program assists in the weatherization of homes because it provides funding for the “red-
19 tagged” equipment to be repaired or replaced.⁷

⁶ Residential Energy Consumption Survey (RECS). October 31, 2017. Retrieved from:
<https://www.eia.gov/consumption/residential/reports/2015/energybills/?src=email>.

⁷ Weatherization Deferral Standards. Undated. Retrieved from: <https://energy.gov/eere/wipo/weatherization-technical-and-management-resources>.

1 **Q. Mr. Weitzel states on page 13, lines 8-10 of his testimony that the Companies began**
2 **to encounter situations wherein the repair needs were so extensive that it required**
3 **complete replacement of the furnace. How do you respond?**

4 **A.** In response to Data Request DED-DE 700, the Companies state that they do not specifically
5 track the number of customers who received replacement gas furnaces;⁸ therefore, DE
6 cannot verify the accuracy of Spire’s statement regarding the need for repairs versus
7 replacements. In order to ensure accountability and record accuracy, as well as obtain data
8 to facilitate the full utilization of the Red-Tag Repair Programs, the Companies should
9 begin tracking and reporting all costs associated with the Programs, including, but not
10 limited to, administrative costs, labor, and materials, as well as repair and replacement
11 costs. As described in my Direct Testimony, if improved tracking, reporting, and
12 accountability for the full use of available funds cannot be reasonably assured, we
13 encourage the Companies to work with stakeholders to develop and implement a plan for
14 third-party administration of the Programs.

15 **IV. RESPONSE TO OPC**

16 **Q. On page 8, lines 15-22 of Ms. Mantle’s testimony, she discusses the reasons that OPC**
17 **is proposing the Red-Tag Program be discontinued. Specifically, she argues there**
18 **have been no invoices that fall under \$20 and only one invoice that hit the current cap**
19 **of \$450. Please respond.**

20 **A.** According to the Companies’ tariffs, a field service representative (“FSR”) may complete
21 minor repairs that take no more than 15 minutes with parts that cost no more than \$20. As

⁸ 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 700.

1 stated in Spire's response to MPSC Data Request 0230, repair costs are not tracked as the
2 repairs are completed in the field, in fifteen minutes or less, with parts costing no more
3 than twenty dollars; Spire also states that tracking this information would require another
4 entry in the Companies' system and that the associated costs of doing so would outweigh
5 any benefit.⁹

6 In response to Data Request DED-DE 700, the Companies also state that in instances where
7 the expenditure was exactly four-hundred and fifty dollars, it is likely that the expenditure
8 helped to facilitate a full repair or replacement.

9 I recognize that there are deficiencies in tracking and reporting the programs. As stated in
10 my direct testimony, the programs should be redesigned to ensure fuller utilization of the
11 designated funds, including improved methods for tracking and reporting of all
12 administrative costs. I recommend the company work with stakeholders to find a feasible
13 tracking mechanism to discover the actual cost and benefit of these repairs. With improved
14 tracking and reporting, the success of the Programs will be transparent in the future and
15 this data will be available to make needed adjustments as necessary.

16 **V. CONCLUSION**

17
18 **Q. Please summarize your conclusions and the positions of DE.**

19 **A.** DE generally supports the Laclede and MGE Red-Tag Repair Programs, but believes that
20 modifications are needed that will encourage full utilization of the Programs. If better
21 utilization cannot be assured, then DE recommends that the Companies meet with
22 stakeholders to develop a plan for third-party administration of the Programs. The Red-

⁹ 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 0230.

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1 Tag Repair Programs should require that furnaces are replaced with at least 90 percent
2 energy-efficient equipment, but DE would encourage replacement with even more efficient
3 models, such as ENERGY STAR® certified appliances at 95% efficiency. Finally,
4 administrative costs for both programs should be tracked and reported in a manner that will
5 ensure accountability and accuracy.

6 **Q. Does this conclude your Surrebuttal Testimony in this case?**

7 **A. Yes, thank you.**