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Issues: Revenue Stabilization Mechanism;
Residential Rate Design; Energy
Efficiency
Witness: Martin R. Hyman
Sponsoring Party: Missouri Department of Economic
Development – Division of Energy
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Case Nos.: GR 2017-0215; GR-2017-0216

MISSOURI PUBLIC SERVICE COMMISSION

SPIRE MISSOURI INC.

CASE NO. GR-2017-0215

and

CASE NO. GR-2017-0216

SURREBUTTAL TESTIMONY

OF

MARTIN R. HYMAN

ON

BEHALF OF

MISSOURI DEPARTMENT OF ECONOMIC DEVELOPMENT

DIVISION OF ENERGY

Jefferson City, Missouri

November 21, 2017

DE Exhibit No. 508
Date 11/17 Reporter A.E.
File No. GR-2017-0215, GR-2017-0216

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

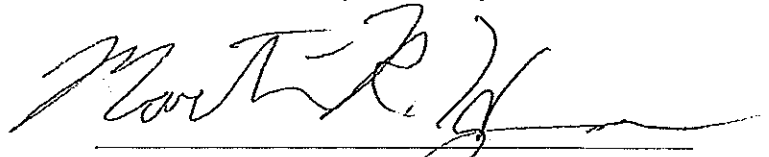
In the Matter of Laclede Gas Company's)	<u>File No. GR-2017-0215</u>
Request to Increase Its Revenue for Gas Service)	Tariff No. YG-2017-0195
In the Matter of Laclede Gas Company d/b/a)	
Missouri Gas Energy's Request to Increase Its)	<u>File No. GR-2017-0216</u>
Revenues for Gas Service)	Tariff No. YG-2017-0196

AFFIDAVIT OF MARTIN HYMAN

STATE OF MISSOURI)
) ss
COUNTY OF COLE)

Martin R. Hyman, of lawful age, being duly sworn on his oath, deposes and states:

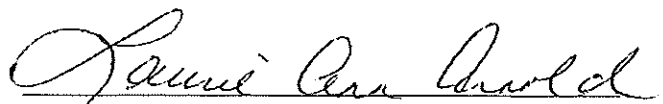
1. My name is Martin R. Hyman. I work in the City of Jefferson, Missouri, and I am employed by the Missouri Department of Economic Development as a Planner III, Division of Energy.
2. Attached hereto and made a part hereof for all purposes is my Surrebuttal Testimony on behalf of the Missouri Department 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.



Martin R. Hyman

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 Martin R. Hyman. My business address is 301 West High Street, Suite 720,
4 PO 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 – Division of
7 Energy (“DE”) as a Planner III.

8 **Q. Have you previously filed testimony before the Missouri Public Service Commission**
9 **(“Commission”) in this case?**

10 A. Yes.

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

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

13 A. The purpose of my testimony is to respond to testimony by witnesses for Laclede Gas
14 Company (“Laclede”) and Laclede Gas Company d/b/a Missouri Gas Energy (“MGE”)
15 (collectively, “Companies” or “Spire”),¹ the Commission Staff (“Staff”), the Office of the
16 Public Counsel (“OPC”), and the National Housing Trust (“NHT”). My responses address
17 the Revenue Stabilization Mechanism (“RSM”), residential rate design, and Spire’s energy
18 efficiency programs. DE continues not to oppose Spire’s proposed RSM if the Companies
19 are required to meet DE’s recommendations on energy efficiency and residential rate
20 design.

¹ The Commission recently recognized that Laclede and MGE have changed their name to “Spire Missouri Inc. d/b/a Spire” and approved the adoption by Spire Missouri Inc. of the Companies’ tariffs. See Missouri Public Service Commission File No. GN-2018-0032, *In the Matter of Laclede Gas Company and Missouri Gas Energy Changing Name to Spire Missouri, Inc. d/b/a Spire*, Order Recognizing Name Change, August 16, 2017.

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

2 A. I reviewed the relevant portions of the Rebuttal Testimony filed by Spire's, Staff's, OPC's,
3 and NHT's witnesses in this case, as cited below.

4 **III. REVENUE STABILIZATION MECHANISM AND RESIDENTIAL RATE**
5 **DESIGN**

6 **Q. What is DE's position on the RSM?**

7 A. As stated in my Direct Testimony, DE is not opposed to the RSM if the Companies are
8 required to meet other DE recommendations as to energy efficiency and residential rate
9 design.²

10 **Q. Did DE present recommendations on residential rate design?**

11 A. Yes – I provided such recommendations in my Rebuttal Rate Design Testimony. They
12 include: a) the creation of a transitional tail block rate to mitigate impacts on Laclede's
13 high-usage residential customers; b) the rejection of Staff's recommended residential
14 customer charge for Laclede; c) support for Staff's inclining block rate design suggestions,
15 conditioned on the ordered revenue requirements in these cases; and, d) facilitating the
16 comparison of competing rate design proposals based on common revenue requirements.³

17 Although, as Staff indicates, DE sponsored no Direct Testimony on rate design in these

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*, Direct Testimony of Martin R. Hyman on Behalf of Missouri Department of Economic Development – Division of Energy, September 8, 2017, page 2, lines 6-15, page 7, lines 15-19, and pages 15-16, lines 14-20 and 1-3.

³ 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 (Rate Design) of Martin R. Hyman on Behalf of Missouri Department of Economic Development – Division of Energy, October 20, 2017, page 2, lines 3-11.

1 cases,⁴ DE presented its recommendations on residential rate design in Rebuttal Testimony
2 because they are responsive to the testimonies of other parties.

3 **Q. Has Staff or Spire presented testimony that fully addresses your recommendation to**
4 **provide comparisons of their rate design proposals at similar revenue requirements?**

5 A. No. Although Spire witness Mr. Timothy S. Lyons presents bill impact comparisons of
6 Staff's and Spire's flat volumetric residential rate design proposals for Laclede at Spire's
7 revenue requirement recommendation,⁵ he does not present such a comparison with respect
8 to the inclining block rate designs offered by Staff. Staff witness Ms. Robin L. Kliethermes
9 presents a comparison of Staff's and Spire's residential rate design proposals for Laclede,
10 but she makes no adjustment for the differing revenue requirements proposed by Staff and
11 Spire.⁶

12 **Q. Mr. Lyons expresses reservations about inclining block rates, in part because of, "...**
13 **the potential intra-class subsidies associated with inclining block rates"**⁷ **Do you**
14 **agree with this concern?**

15 A. No. In fact, declining block rates (and, to a lesser extent, flat volumetric rates) create intra-
16 class distortions by requiring customers that use less natural gas to pay higher average

⁴ 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 Michael L. Stahlman, October 20, 2017, pages 6-7, lines 21-22 and 1-3.

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*, Rebuttal Testimony (Rate Design) of Timothy S. Lyons, October 20, 2017, Schedule TSL-R1, page 4.

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*, Rebuttal Testimony of Robin L. Kliethermes, October 20, 2017, pages 7-8, lines 1-14 and 1-5, and Schedule RK-r1.

⁷ GR-2017-0215 and GR-2017-0216, Lyons Rebuttal (Rate Design), page 35, lines 14-17.

1 rates. This is a problem in that long-run costs are driven not just by the number of customers
2 on Spire's system, but by their demands on the system. To the extent that demand aligns
3 with usage, higher usage results in higher demand and incurs additional costs. Additionally,
4 I disagree with Mr. Lyons's use of the word "subsidy" in this context; in utility ratemaking,
5 a subsidy only exists if a customer (or customers) pays less than their marginal costs of
6 service at the same time that another customer (or other customers) pays above their fully
7 allocated marginal and incremental costs of service.

8 **Q. Staff claims that you are "incorrect" about the factors that the RSM would address.⁸**
9 **Please respond.**

10 A. The statements in my Direct Testimony referenced the Companies' testimony,⁹ but as
11 noted in my Rebuttal Rate Design Testimony, DE recognizes that the Companies' proposed
12 RSM would adjust for other causes to changes in revenues, such as changes in economic
13 conditions.¹⁰

14 **Q. Staff also states that the RSM, "... would reduce the incentive for customers to pursue**
15 **energy efficiency since it would work to increase customer bills for any reduction in**
16 **usage."¹¹ Please respond.**

17 A. It is true that reductions in usage could result in a surcharge on customers' bills; however,
18 there would not be a "one for one" adjustment of any particular customer's bill based on
19 that customer's specific changes in usage, since – as Staff indicates – the Companies'
20 proposed RSM would be based on changes in average customer usage.¹² Additionally,

⁸ GR-2017-0215 and GR-2017-0216, Stahlman Rebuttal, page 6, lines 17-20.

⁹ GR-2017-0215 and GR-2017-0216, Hyman Direct, page 3, footnotes 3-6.

¹⁰ GR-2017-0215 and GR-2017-0216, Hyman Rebuttal (Rate Design), page 3, lines 7-10.

¹¹ GR-2017-0215 and GR-2017-0216, Stahlman Rebuttal, page 9, lines 8-9.

¹² *Ibid*, page 5, lines 16-19.

1 since the RSM would be collected through volumetric charges, customers that save energy
2 would still save money over what their bills would have been absent any efficiency efforts.

3 **IV. ENERGY EFFICIENCY**

4 **Q. What is DE's recommendation in these cases as to energy efficiency program**
5 **spending?**

6 **A.** If the RSM is approved, DE recommends setting the minimum amount of annual spending
7 on energy efficiency programs for both companies at a minimum of 0.5 percent of the
8 three-year averages of the Companies' respective jurisdictional gas distribution operating
9 revenues (inclusive of the cost of gas),¹³ with adjustments to incorporate the
10 recommendations of NHT witness Ms. Annika Lynn Brink.¹⁴ If the Commission is
11 concerned about the impacts of this recommendation, then DE would not oppose spending
12 caps of 1.0 percent of the Companies' respective three-year average jurisdictional gas
13 distribution operating revenues (inclusive of the cost of gas),¹⁵ again adjusted to
14 incorporate Ms. Brink's recommendations. Funding for Laclede's weatherization program
15 would be included in both the funding floor and cap.^{16,17} DE also recommends that any

¹³ GR-2017-0215 and GR-2017-0216, Hyman Direct, page 15, lines 14-17.

¹⁴ 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 (Revenue Requirement) of Martin R. Hyman on Behalf of Missouri Department of Economic Development – Division of Energy, October 17, 2017, page 13, lines 4-11 and 18-20.

¹⁵ GR-2017-0215 and GR-2017-0216, Hyman Direct, pages 15-16, lines 18-20 and 1-2.

¹⁶ *Ibid*, page 16, lines 2-3.

¹⁷ Assuming budgets for programs other than low-income multifamily programs that are proportional to the program year 2017 targets, incorporating Ms. Brink's recommendations would result in a spending floor and cap for Laclede (inclusive of weatherization funding) of 0.58 and 1.14 percent of gross operating revenues, respectively; the result for MGE would be a spending floor and cap of 0.61 and 1.17 percent of gross operating revenues, respectively. See GR-2017-0215 and GR-2017-0216, Hyman Rebuttal (Revenue Requirement), page 13, lines 4-11.

1 budget not used for non-low-income energy efficiency programs should be redirected
2 towards weatherization and low-income energy efficiency programs.¹⁸

3 **Q. In discussing energy efficiency in their Rebuttal Testimonies, did Staff,¹⁹ OPC witness**
4 **Dr. Geoff Marke,²⁰ or OPC witness Ms. Lena M. Mantle²¹ provide any quantitative**
5 **evidence that the Companies' energy efficiency programs are not cost-effective or not**
6 **beneficial to all ratepayers?**

7 A. None of these parties provided any such quantitative evidence in their Rebuttal
8 Testimonies. On the other hand, Spire witness Mr. Shaylyn Dean provided evidence that
9 the Companies' energy efficiency programs were evaluated as recently as 2015,²² and Ms.
10 Brink supplied evidence that there are cost-effective savings opportunities for multifamily
11 customers in affordable housing.²³ Although the analysis cited by Mr. Dean used natural
12 gas costs that are higher than those generally seen in the current market, a number of
13 programs passed with Total Resource Cost Test or Societal Cost Test ratios well over 1.0;
14 to the extent that non-commodity natural gas costs are also included in the Companies'

¹⁸ GR-2017-0215 and GR-2017-0216, Hyman Rebuttal (Revenue Requirement), page 13, lines 15-17.

¹⁹ GR-2017-0215 and GR-2017-0216, Stahlman Rebuttal, page 7, lines 4-19, and page 9, lines 4-15.

²⁰ 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 Geoff Marke Submitted on Behalf of the Office of the Public Counsel, October 20, 2017, pages 9-10, lines 1-26 and 1-5.

²¹ See, for instance, 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 Submitted on Behalf of the Office of the Public Counsel, October 17, 2017, pages 2-3, lines 21-24 and 1-6.

²² 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 Shaylyn Dean, October 17, 2017, page 4, lines 18-22.

²³ 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 Annika Lynn Brink on Behalf of National Housing Trust, September 7, 2017, pages 7-9, lines 18-20, 1-17, and 1-2.

1 analyses, it is plausible that many of Spire's energy efficiency measures and programs are
2 still cost-effective.²⁴ My own Rebuttal Revenue Requirement Testimony includes a simple
3 analysis of the payback period required for the Companies' fiscal year 2016 residential
4 energy efficiency programs, indicating that the rebates provided under these programs
5 could be repaid by first-year savings levels in approximately seven years.²⁵

6 **Q. Staff witness Mr. Michael L. Stahlman states that, "... both National Housing Trust**
7 **witness Annika Brink and Division of Energy's witness Martin R. Hyman discuss**
8 **requiring [Laclede] and MGE to increase spending in energy efficiency programs,**
9 **but do not discuss the cost effectiveness of these programs. It is unclear how further**
10 **increases to [Laclede]'s and MGE's rate base will work to the benefit of all**
11 **customers."²⁶ Please respond.**

12 **A.** My testimony did not state that the Companies' program spending should be increased
13 irrespective of cost-effectiveness, except to the extent that low-income programs should
14 not be subjected to a cost-effectiveness test;²⁷ I agree with Ms. Brink on the latter point.²⁸
15 To the extent that cost-effectiveness is a concern with other programs, the Energy
16 Efficiency Collaborative ("EEC") is structured to allow members to discuss program cost-
17 effectiveness.²⁹ If the Commission determines that Spire's energy efficiency spending

²⁴ See response to Data Request DED-DE 213.

²⁵ GR-2017-0215 and GR-2017-0216, Hyman Rebuttal (Revenue Requirement), pages 6-7, lines 5-15 and 1-5.

²⁶ GR-2017-0215 and GR-2017-0216, Stahlman Rebuttal, page 9, lines 10-13.

²⁷ GR-2017-0215 and GR-2017-0216, Hyman Rebuttal (Revenue Requirement), page 5, lines 2-5.

²⁸ 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 Annika Brink on Behalf of National Housing Trust, October 17, 2017, pages 3-4, lines 12-23 and 1-7.

²⁹ GR-2017-0215 and GR-2017-0216, Hyman Rebuttal (Revenue Requirement), pages 10-11, lines 16-23 and 1-5.

1 should follow the recommendations that I have provided, then the EEC can determine how
2 to direct that spending.

3 **Q. Did OPC similarly assert that you recommended that, "...the Commission require**
4 **the companies to spend more money on energy-efficiency programs without any**
5 **requirement that those programs show benefits greater than the cost to the customers**
6 **who pay for them?"**³⁰

7 A. Yes, and my response is the same as that provided above to Mr. Stahlman's statement.

8 **Q. Staff states that your testimony, "... seems to indicate that [energy efficiency]**
9 **programs only benefit program participants and not all customers;"**³¹ **OPC also**
10 **states that, "Mr. Hyman does not mention any benefits to the customers who are**
11 **required to pay for these programs."**³² **Are these statements accurate portrayals of**
12 **your testimony?**

13 A. Absolutely not. My Direct Testimony states that, "... changes in electricity use have a
14 *larger* effect on future investment decisions ... than changes in natural gas usage ..."
15 (emphasis added);³³ it also states that, "The value of natural gas efficiency programs is *not*
16 *necessarily* in the avoidance of future system costs *to the same degree as with electric*
17 *efficiency programs ...*" (emphases added).³⁴ These sections of testimony – which are part
18 of Mr. Stahlman's citation at footnote 13 on page 9 of his testimony – clearly indicate that
19 natural gas efficiency programs may not have the same magnitude of benefits for all
20 customers compared to electric efficiency programs, as opposed to a lack of benefits for

³⁰ GR-2017-0215 and GR-2017-0216, Mantle Rebuttal, pages 2-3, lines 21-24 and 1.

³¹ GR-2017-0215 and GR-2017-0216, Stahlman Rebuttal, page 9, lines 14-15.

³² GR-2017-0215 and GR-2017-0216, Mantle Rebuttal, page 3, lines 4-6.

³³ GR-2017-0215 and GR-2017-0216, Hyman Direct, page 8, lines 8-10.

³⁴ *Ibid*, lines 11-12.

1 all customers. My Rebuttal Revenue Requirement Testimony is even more explicit in
2 stating that, “Natural gas efficiency programs may defer or avoid infrastructure
3 investments, which could result in lower costs to all customers.”³⁵ Additionally, the
4 Societal Cost Test – which is mentioned in the Companies’ current tariffs – allows
5 stakeholders to consider benefits to society as a whole, such as job creation, keeping
6 Missourians’ dollars within local economies, mitigating supply disruption risks, and
7 avoiding the use of emergency heating assistance funding.³⁶

8 **Q. In addition to current practice, has the Societal Cost Test been used in Spire’s energy**
9 **efficiency programs in the past?**

10 A. Yes. Laclede’s tariffs from as far back as Case No. GR-2007-0208 specify the use of the
11 “Societal Benefit/Cost Test” for custom measures under the Commercial and Industrial
12 (C/I) Rebate Program.³⁷

13 **Q. Staff also states that there is a distinction between “conservation” and “energy**
14 **efficiency.”³⁸ How do you respond?**

15 A. While I agree that “conservation” and “energy efficiency” are conceptually distinct terms,
16 the Commission should note that the two are often used interchangeably. Regardless of
17 what technical experts may mean when they use these terms, their colloquial usage is not
18 always so clear. Even from a practical perspective, the results (if not the goals) of energy
19 efficiency and conservation are similar – a reduction in usage. As Staff notes,³⁹ the word

³⁵ GR-2017-0215 and GR-2017-0216, Hyman Rebuttal (Revenue Requirement), pages 5-6, lines 21 and 1.

³⁶ *Ibid*, pages 8-9, lines 3-16 and 1-5.

³⁷ Missouri Public Service Commission Tariff No. JG-2009-0299, Laclede Gas Company, *Schedule of Rates and Standard Rules and Regulations for Gas Service*, Conservation and Energy Efficiency Programs – Commercial and Industrial (C/I) Rebate Program, November 28, 2008, Sheet Nos. R-46 and R-47.

³⁸ GR-2017-0215 and GR-2017-0216, Stahlman Rebuttal, page 7, lines 10-19.

³⁹ *Ibid*, lines 4-9.

1 “conservation” is not even defined in Section 386.266, RSMo., the statute that includes the
2 decoupling provision for natural gas utilities.

3 **Q. Is Staff supportive of continuing the Companies’ current energy efficiency programs?**

4 A. Yes, although at this time Staff has not finalized its position on funding levels. In response
5 to Data Request DED-DE 212, Staff states, “Staff generally supports the continuation of
6 Spire’s existing energy efficiency programs. While current funding levels were included
7 in its Direct Cost of Service Report, Staff has not yet developed a final position on the
8 appropriate funding targets.”

9 **Q. Do you agree with Mr. Dean that there is a problem with suspending natural gas
10 energy efficiency programs due to the need for natural gas utilities to compete with
11 electric utilities?⁴⁰**

12 A. Yes, generally. Eliminating Spire’s energy efficiency programs would provide electric
13 utilities with a marketing advantage, since the electric utilities would be able to offer
14 money-saving opportunities to current or prospective customers.

15 **Q. Mr. Dean also states that natural gas efficiency programs should not be suspended
16 just because of changes in natural gas prices, that “... gas prices can be very volatile
17 ...,” and that, “Such long-term programs ... require a strong level of certainty and
18 sustained effort in order to be successful.”⁴¹ Please respond.**

19 A. I agree. Customers should have access to cost-effective programs in order to prepare for
20 potential changes in natural gas prices, not just when natural gas prices are high at a
21 particular point in time. The gap in electric efficiency program availability due to the

⁴⁰ GR-2017-0215 and GR-2017-0216, Dean Rebuttal, page 7, lines 4-12.

⁴¹ *Ibid*, page 6, lines 12-17.

1 litigation of the second cycle of Missouri Energy Efficiency Investment Act programs
2 created disruptions to the electric energy efficiency market; a gap in natural gas efficiency
3 programs would be similarly disruptive.

4 **Q. Ms. Brink testifies that limiting Spire’s programs to low-income weatherization could**
5 **negatively affect low-income multifamily customers.⁴² Do you agree?**

6 A. Yes. Ms. Brink’s evidence – based on information from DE – shows that low-income
7 weatherization in Missouri primarily focuses on single-family homes. Eliminating the
8 Companies’ energy efficiency programs would have a deleterious impact on the ability of
9 low-income multifamily customers to save energy. I would also note that the elimination
10 of non-low-income energy efficiency programs would have an adverse impact on those
11 customers who cannot afford energy efficiency improvements without assistance, but that
12 do not qualify for income-based assistance (e.g., the “working poor”).

13 **Q. Ms. Brink also testifies that the Ratepayer Impact Measure (“RIM”) test is**
14 **inappropriate as a cost-effectiveness test.⁴³ Does DE agree with this testimony?**

15 A. Yes. As she indicates, the RIM test has fallen out of favor nationally, does not provide
16 sufficiently useful information, and may not lead to investments that result in benefits to
17 customers. In my experience, very few energy efficiency programs pass the RIM test,
18 which is a logical result given that energy efficiency programs generally cost money. The
19 Total Resource Cost Test (to the extent that it includes non-energy benefits) and Societal
20 Cost Test provide more complete and accurate assessments of benefits and costs to utilities,
21 their customers, and – in the case of the Societal Cost Test – society as a whole. Even the

⁴² GR-2017-0215 and GR-2017-0216, Brink Rebuttal, pages 4-5, lines 8-21 and 1-14.

⁴³ *Ibid*, pages 6-7, lines 15-21 and 1-18.

1 Utility Cost Test, which is relatively limited in scope, can provide a symmetric assessment
2 of costs and benefits.

3 **Q. Staff witness Mr. Curtis B. Gately discusses changes proposed by Spire for its**
4 **Insulation Financing and EnergyWise Dealer Programs.⁴⁴ Does Staff indicate full**
5 **support for the proposed changes?**

6 A. No. Mr. Gately states that Staff is not opposed to expanding the Insulation Financing
7 Program into MGE's territory, but does not support increasing maximum loan amounts or
8 the amount of maximum outstanding loans.⁴⁵ He also states that while Staff is not opposed
9 to including additional details on appliances that qualify for the EnergyWise Dealer
10 Program, Staff does not support changes in maximum loan amounts or the loan term.⁴⁶

11 **Q. What is DE's position on these programs?**

12 A. DE is supportive of the proposed expansion of the Insulation Financing Program and of the
13 increases to the maximum loan amounts and maximum amount of outstanding loans under
14 the program. As to the EnergyWise Dealer Program, DE supports the additional details
15 provided on eligible appliances and the changes to maximum loan amounts and loan terms.
16 The programs should provide customers with expanded opportunities for self-financing
17 efficiency improvements.

⁴⁴ 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 Curtis B. Gately, October 20, 2017, pages 2-4, lines 17-22, 1-23, and 1-12.

⁴⁵ *Ibid*, page 3, lines 12-14.

⁴⁶ *Ibid*, page 4, lines 10-12.

1 **Q. Does DE have any concerns about other proposed changes to the programs?**

2 A. Yes. While comparing Laclede's current Insulation Financing Program tariffs⁴⁷ to its
3 proposed tariffs,⁴⁸ I noticed that Laclede proposed shortening the repayment period for
4 loans exceeding \$875 from less than seven and one-half years to five years. DE supports
5 maintaining a longer repayment period for higher-value loans in order to maintain
6 flexibility for customers.

7 Comparing Laclede's current and proposed tariffs, I also noticed that the proposed
8 EnergyWise Program tariffs no longer describe how interest rates vary by the types of
9 appliances financed and whether or not Laclede would ever change its interest rates.⁴⁹ To
10 ensure full information disclosure, DE recommends adding descriptive language on such
11 potential variations in interest rates to Spire's proposed EnergyWise Program tariffs.

12 **V. CONCLUSIONS**

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

14 A. Based on my review of Rebuttal Testimony filed by other witnesses in this case, DE
15 continues to support its energy efficiency and residential rate design recommendations.
16 None of the Rebuttal Testimony responding in opposition to DE's recommendations
17 provides accurate or convincing arguments.

⁴⁷ Missouri Public Service Commission Unnumbered Tariff and Tariff No. 94-220, Laclede Gas Company, *Schedule of Rates and Standard Rules and Regulations for Gas Service*, Insulation Financing Program, August 8, 2002 and October 31, 1994, Sheet Nos. R-27 through R-28.

⁴⁸ Missouri Public Service Commission Case No. GR-2017-0215, *In the Matter of Laclede Gas Company's Request to Increase its Revenues for Gas Service*, LAC Exhibit No. 1, April 11, 2017, Insulation Financing Program, Sheet Nos. R-27 through R-28.

⁴⁹ Missouri Public Service Commission Tariff No. 95-320, Laclede Gas Company, *Schedule of Rates and Standard Rules and Regulations for Gas Service*, Promotional Practices – EnergyWise Dealer Program, May 31, 1997, Sheet No. R-38, and Missouri Public Service Commission Case No. GR-2017-0215, *In the Matter of Laclede Gas Company's Request to Increase its Revenues for Gas Service*, LAC Exhibit No. 1, April 11, 2017, Promotional Practices – EnergyWise Dealer Program, Sheet No. R-38.

Surrebuttal Testimony of
Martin R. Hyman
Case Nos. GR-2017-0215 and GR-2017-0216

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

2 | **A. Yes.**