

Exhibit No.:  
Issues: Low Income Weatherization  
Witness: Joe Gassner  
Sponsoring Party: Missouri Department of Economic  
Development - Division of Energy  
Type of Exhibit: Rebuttal Testimony  
Case No.: GR-2014-0086

**MISSOURI PUBLIC SERVICE COMMISSION**

**SUMMIT NATURAL GAS OF MISSOURI, INC.**

**CASE NO. GR-2014-0086**

**REBUTTAL TESTIMONY**

**OF**

**JOE GASSNER**

**ON**

**BEHALF OF**

**MISSOURI DEPARTMENT OF ECONOMIC DEVELOPMENT**

**DIVISION OF ENERGY**

Jefferson City, Missouri  
July 11, 2014

DOE Exhibit No. 503  
Date 8-19-14 Reporter KF  
File No. GR-2014-0086

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**I. INTRODUCTION**

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

2 A. Joe Gassner, Missouri Department of Economic Development, Division of Energy, 301 West  
3 High Street, Suite 720, Jefferson City, Missouri.

4 **Q. Have you previously filed testimony in this case?**

5 A. No.

6 **Q. On whose behalf are you testifying?**

7 A. I am testifying on behalf of the Division of Energy (DE), an intervenor in these proceedings.

8 **Q. What is your position with the Missouri Division of Energy?**

9 A. I am the director of the Weatherization Program in the Division of Energy, which is  
10 responsible for administering the Missouri Low Income Weatherization Assistance Program.

11 **Q. Please describe your educational background and business experience.**

12 I earned a Bachelor of Science degree in Wildlife Conservation and Management from  
13 Southwest Missouri State University in 1986. I have been in my current position with the  
14 Division of Energy since 2006. Other employment history includes working with the  
15 Missouri Department of Natural Resources from 1991 to 2013 as a District Coordinator (two  
16 years) and Environmental Specialist (14 years), working with the Osage County Soil and  
17 Water Conservation District from 1990-1991 as a District Technician, and working with the  
18 Missouri Department of Conservation from 1986 to 1989 as a Fisheries and Wildlife  
19 Management Technician

20 **II. PURPOSE AND SUMMARY OF REBUTTAL TESTIMONY**

21 **Q. What is the purpose of your rebuttal testimony in these proceedings?**

22 A. The purpose of my rebuttal testimony is to respond to the direct testimony filed by the  
23 Missouri Public Service Commission Staff (Staff) witness Kory Boustead regarding a low  
24 income weatherization program for Summit Natural Gas of Missouri, Inc. (SNG).

25 **III. LOW INCOME WEATHERIZATION ASSISTANCE**

26 **Q. What is Staff's position regarding a SNG low-income weatherization program?**

27 A. Staff witness Kory Boustead states that:

28 "Staff recommends the Commission authorize a natural gas energy efficiency  
29 program and a low income customer weatherization program that will be ratepayer  
30 funded through a regulatory asset account. ... The funds for the low income customer  
31 weatherization program would be administered by the Department of Economic  
32 Development, Division of Energy (DE) in conjunction with the federal and state  
33 funds they administer for the weatherization of homes of low income Missouri  
34 families. The DE low income weatherization has demonstrated an ability to  
35 effectively weatherize homes of low income families in Missouri and the  
36 Commission has been authorizing ratepayer funded low income customer  
37 weatherization for twenty years."<sup>1</sup>

38  
39 **Q. Does DE agree with the Staff's position regarding administering an SNG low-income  
40 weatherization program?**

41 A. DE agrees with Staff that the Commission should authorize a low-income weatherization  
42 program and ratepayer funding. DE witness John Buchanan will address the method of rate  
43 recovery recommended by DE. We also agree that DE could effectively administer the  
44 weatherization program. DE is willing to take on these additional duties with a provision for  
45 DE to recover its administrative and monitoring expenses incurred in performing these  
46 duties.

47 **Q. What level of funding is needed to compensate DE for administration and monitoring of  
48 an SNG LIWAP program?**

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<sup>1</sup>*Missouri Public Service Commission, Staff Report, Revenue Requirement Cost of Service, page 74, lines 11 – 25, May 30, 2014.*

49 A. The costs DE incurs should be covered by allowing up to 5 percent of the weatherization  
50 fund for DE administration and monitoring. This level of funding for administration and  
51 monitoring is within U.S. Department of Energy Low Income Weatherization Assistance  
52 Program guidelines found in 10 CFR 440.18(e)

53 **Q. What authorization does DE have to receive and/or expend these funds?**

54 A. DE is advised by legal counsel that Section 640.676, RSMo, authorizes DE to receive/and or  
55 expend these funds.

56 Section 640.676. states:

57 1. The department director may secure other forms of financial assistance permissible by  
58 law and establish public and private partnerships with, but not limited to, financial  
59 institutions, performance contracting vendors, energy utilities and other energy providers,  
60 when such other financial assistance serves to further the implementation of energy  
61 conservation projects.

62 2. The director is authorized to negotiate agreements for the department to act in an  
63 administrative or monitoring capacity for an energy conservation project funded in part or  
64 in full by another source. The department may establish reasonable fees such as, but not  
65 limited to, application and processing fees to cover the costs of such administrative or  
66 monitoring role.

67 I am further advised by counsel that, pursuant to sections 26.500-26.540 RSMo, the  
68 Governor issued Executive Order 13-03. This Order, effective August 29, 2013,  
69 transferred "all authority, powers, duties, functions, records, personnel, property, contracts,  
70 budgets, matters pending, and other pertinent vestiges of the Division of Energy from the  
71 Missouri Department of Natural Resources to the Missouri Department of Economic  
72 Development...." So, with its move to the Department of Economic Development, DE  
73 retains all the authority it had under the Department of Natural Resources, including the  
74 ability to administer weatherization funding.

75 **Q. Please describe DE's weatherization administrative and monitoring functions.**

76 A. For low income weatherization assistance funds that DE currently administers on behalf of  
77 Ameren (natural gas and electric), Liberty and Laclede, the utilities make a single annual  
78 payment to the Missouri Environmental Improvement and Energy Resources Authority  
79 (EIERA). Then DE enters into subgrant agreements with community action agencies and  
80 other subgrantees, as applicable, within the utility's service area, based on budgets provided  
81 by the agencies. Technical and fiscal training for the subgrantees' staff is provided as needed.  
82 Once weatherization work is completed on a home, DE conducts a desk audit of the  
83 reimbursement request from the subgrantee and processes it for payment. In addition, a  
84 sampling of homes is monitored by on-site inspection to verify that weatherization measures  
85 have been installed and are operating properly. Fiscal monitoring is performed through both  
86 desk reviews and on-site review of client files, invoices, procedures manuals and other  
87 documentation.

88 **Q. Does DE receive General Revenue (GR) funds that could be used to cover the**  
89 **administrative and monitoring costs that will be incurred in administering and**  
90 **monitoring a weatherization program for SNG?**

91 A. No. DE receives no GR funds that are available to use for weatherization or any other DE  
92 program.

93 **Q. Are you aware of any other sources of DE funding that could be used to cover**  
94 **administrative and monitoring costs for an SNG weatherization program?**

95 A. No. All DE program funds are tied to their individual program funding. DOE weatherization  
96 funds are the only currently available funds that the DE weatherization program has available  
97 to utilize for administrative costs and monitoring. These funds are currently being fully  
98 utilized and have been shrinking for the past several years.

99

100 **Q. Do you have a specific recommendation for the level of funding for an SNG low income**  
101 **weatherization program?**

102 A. The DE recommends an initial annual funding level of \$30,000 to support a low income  
103 weatherization assistance program. As Missouri's LIWAP Director, it is my opinion that to  
104 effectively implement the SNG low income weatherization program would require an  
105 investment of \$30,000; a lower level of funding could possibly compromise the viability of  
106 the SNG weatherization program.

107 **Q. Does this conclude your rebuttal testimony?**

108 A. Yes. Thank you.



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

In the Matter of Summit Natural Gas of Missouri's     )  
Filing of Revised Tariffs to Increase its Annual     )  
Revenues for Natural Gas Service.                     )     **Case No. GR-2014-0086**

**AFFIDAVIT OF JOE GASSNER**


**STATE OF MISSOURI**     )  
  )     **ss**  
**CITY OF JEFFERSON**     )

I, Joe Gassner, of lawful age, being duly sworn on his oath, deposes and states:

1. My name is Joe Gassner. I work in the City of Jefferson, Missouri, and I am employed by the Missouri Department of Economic Development as Weatherization Director, Division of Energy.
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.

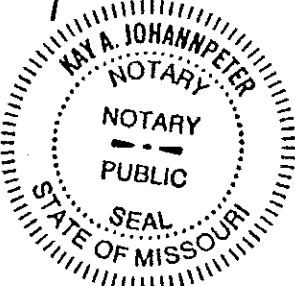
  
\_\_\_\_\_  
Joe Gassner

Subscribed and sworn to before me on this 11th day of July, 2014.

  
\_\_\_\_\_  
Notary Public

My commission expires:

**KAY A. JOHANNPETER**  
Notary Public - Notary Seal  
STATE OF MISSOURI  
Cole County  
My Commission Expires: Aug. 4, 2015  
Commission # 11551967

  
KAY A. JOHANNPETER  
NOTARY  
NOTARY  
PUBLIC  
SEAL  
STATE OF MISSOURI