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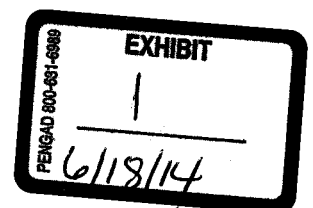
June 18, 2014

On January 2, 2014 Summit Natural Gas filed a natural gas rate case with the Missouri Public Service Commission seeking a rate increase of apx. \$7.5 million. I won't pretend to understand the business of running a utility company. Instead I will focus on the impact to consumers, particularly the elderly and disabled who often live on low fixed monthly incomes and other low income families.

Low income households spend nearly 14.4% of their total annual income on energy. Other households spend only 3.3% of their annual income, on average, on energy. Low-income families often cut back on other necessities to pay their energy bills. This is partly due to their lower income level but also the fact that their homes are often older less efficient homes with less efficient heating and cooling equipment.

One example of this is found in a home that Ozark Action, Inc. recently weatherized in West Plains. The homeowner is a 75 year old widow. The 1100 sq.ft. home was heated with an older inefficient natural gas furnace. The home also had a natural gas water heater and cook stove. During 2012 this customer used over 900 CCF of gas. Her annual gas cost was over \$1,100 or 11% of her annual income. This is just gas and does not include electric, water, sewer and other essential utilities. With this proposed rate increase this lady's bill would climb to nearly \$1,500 per year, or 15% of her annual income.

As part of weatherization a comprehensive energy audit was conducted. As part of the audit all combustion equipment is inspected and tested for safety and efficiency. The furnace was producing over 3,000 ppm CO. The oven was also producing high levels of CO. The furnace was replaced with a more efficient model, the oven was adjusted, the home was insulated and airsealed, and the ductwork was sealed and insulated. The heating load of the home was reduced by 45%, the cooling load was reduced by 24%, and the home is now healthier and more comfortable.



*Investing in families in Douglas, Howell, Oregon, Ozark, Texas and Wright Counties
"An Equal Opportunity Employer"*

Weatherization reduces home energy consumption and lowers energy bills for low-income families. This equates to a 35% reduction in primary heating fuel use. The average family saves \$437 in heating and cooling costs each year. This alleviates the heavy energy burden on low-income households and helps them become more self-sufficient. The weatherization measures installed provide long-term relief for low-income families and protect against future fluctuations in energy prices and supplies.

Weatherization is a cost-effective investment of taxpayer dollars. For every \$1 invested in the Program, Weatherization returns \$2.51 to the household and society. This includes:

- \$1.80 returned in reduced energy bills
- \$0.71 is returned to ratepayers, households, and communities through increased local employment, reduced uncollectible utility bills, improved housing quality, and better health and safety through the reduction of heat-related illness and death and risk of death from home fires due to utility disconnection.
- Utility companies benefit through reduced arrearages, reduced uncollectible bills, reduced disconnect and reconnect costs. When utilities financially support weatherization they benefit from improved public image and perception.

I respectfully ask that, if approved, the rate increase require a specific portion of the increase be utilized to fund the weatherization of low income customer's homes. I would ask that these funds be administered by the Missouri Department of Economic Development/Division of Energy utilizing the same regulations and requirements as the US DOE Low Income Weatherization Assistance Program.

Terry Sanders
Housing Division Director