

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

FILED
MAR 11 1999
Missouri Public
Service Commission

In the matter of Laclede Gas Company's)
Tariff to Revise Natural Gas Rate) Case No. GR-99-315
Schedules.)

A F F I D A V I T

STATE OF MISSOURI)
) SS.
CITY OF ST. LOUIS)

John Moten, Jr., of lawful age, being first duly sworn,
deposes and states:

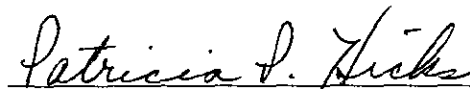
1. My name is John Moten, Jr. My business address is 720 Olive Street, St. Louis, Missouri 63101; and I am Vice President, Community Relations of Laclede Gas Company.

2. Attached hereto and made a part hereof for all purposes is my direct testimony, consisting of pages 1 to 18, inclusive.

3. I hereby swear and affirm that my answers contained in the attached testimony to the questions therein propounded and the information contained in the attached schedules are true and correct to the best of my knowledge and belief.


John Moten, Jr.

Subscribed and sworn to before me this 10TH day of MARCH,
1999.


Patricia P. Hicks

PATRICIA P. HICKS
Notary Public — Notary Seal
STATE OF MISSOURI
City of St. Louis
My Commission Expires: June 27, 2002



Exhibit No.:
Issue:

Customer Assistance &
Community Improvement
Efforts

Witness:
Type of Exhibit:
Sponsoring Party:
Case No.:

John Moten, Jr.
Direct Testimony
Laclede Gas Company
GR-99-315

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LACLEDE GAS COMPANY

GR-99-315

DIRECT TESTIMONY

OF

JOHN MOTEN, JR.



DIRECT TESTIMONY OF JOHN MOTEN, JR.

Q. Please state your name and business address.

A. My name is John Moten, Jr., and my business address is 720 Olive Street, St. Louis, Missouri 63101.

Q. What is your present business position?

A. Vice President, Community Relations for Laclede Gas Company.

Q. How long have you held your position?

A. I was elected Vice President, Community Relations on February 27, 1994.

Q. Would you briefly describe your duties?

A. My duties include legislative efforts to obtain adequate funding, governmental and otherwise, for energy assistance for low-income households within the Laclede service territory and across the State. In addition, my duties include the design and implementation of certain customer assistance programs, such as:

- The Laclede Pilot Weatherization Program.
- The Laclede Employee Volunteer Weatherization Program (WeatherWise) for elderly and handicapped low-income households.
- The Laclede EnergySmart Programs for low-income energy assistance recipient households who are without natural gas service at the start of winter (Customer Assistance Program); and informational workshops at social service agency sites (Customer Education Program).
- Administrative support for the Dollar-Help Program.

- 1 • Involvement in non-profit organizations established to help
- 2 the community.
- 3 • And employee volunteer programs to assist customers and their
- 4 families such as fundraising for Dollar-Help.

5 Q. What is your educational background?

6 A. I received a Bachelor of Science Degree in Chemistry from

7 Morehouse College in Atlanta, Georgia, in 1962.

8 Q. Will you describe your work experience with Laclede?

9 A. I joined Laclede in 1962 as an Assistant Chemist and was promoted

10 to Chief Chemist in 1967. I then became Laboratory

11 Superintendent in 1972 and Director of Laboratory Services in

12 1973. In 1980 I was made Director of Conservation Services and

13 then Director of Community Affairs/Conservation in 1986. As

14 stated above, I became Vice President, Community Relations in

15 1994.

16 Q. What is the purpose of your direct testimony?

17 A. The purpose of my testimony is to inform the Commission of

18 Laclede's efforts nationally and locally to obtain funding and

19 other forms of energy assistance for many of the St. Louis areas'

20 poorest and most vulnerable households, and the need for such

21 activities and other related efforts to educate and assist our

22 customers, particularly in the area of energy assistance. Also,

23 my testimony is intended to describe some of Laclede's community

24 involvement and efforts to improve the economic and social

25 climate within the St. Louis region.

1 Q. Please describe the need for legislative efforts related to low
2 income energy assistance.

3 A. The federal government has recognized that "Energy costs account
4 for a sizable portion of living expenses for poor families. To
5 help meet rising costs, the Low Income Home Energy Assistance
6 Program (LIHEAP) was established in 1980....."¹ The "portion of
7 living expenses" cited above is generally referred to as "energy
8 burden;" i.e., the ratio of household energy costs to household
9 income, or the percent of household income spent for home energy.

10 In a 1995 HHS Report to Congress it was reported that the
11 energy burden nationally for low-income households was 16%. The
12 maximum affordable burden was considered to be 10%. The report
13 listed the annual household energy cost (gas and electric) for
14 low-income households to be \$1,294 per year for households with
15 incomes of \$8,000 per year or less. The study assumes that even
16 if the household pays 10% of its income for energy, or \$800 per
17 year, the household would have an "affordability gap" of \$494 per
18 year (\$1,294 - \$800). When we consider the average LIHEAP grant
19 is about \$200, you can see that LIHEAP does not cover this gap
20 but does provide a sorely needed supplement to help needy
21 families. It is because of this affordability gap that efforts
22 such as support for Utilicare and Dollar-Help, which will be
23 discussed later in my testimony, are so important.

24 For low income households in Missouri, the household energy
25 burdens are as follows: LIHEAP recipients 13.7%; AFDC recipients

¹ U.S. Senate report 103-251 on S.2000, April 19, 1994.

1 24.1%; Social Security Income recipients 17.3%; Social Security
2 recipients 11.9%.

3 For middle income households the average household energy
4 burden is about 3% or one-fourth the burden of low income
5 households. Put another way, I think virtually all middle income
6 Missouri households would find it intolerable if they had to
7 spend 12 or more percent of their income on household energy.
8 Therefore, without advocacy efforts to get LIHEAP authorized and
9 funded, many poor families would face even more difficult living
10 conditions than they do presently.

11 Q. What is the average income and dollar energy burden for Missouri
12 LIHEAP recipient households?

13 A. The average LIHEAP recipient household in FY 1998 had an
14 estimated average annual income of \$6,600 and household size of
15 2.6. At an energy burden of 12%, these households spent on
16 average \$792 on home energy. By comparison, a middle-income
17 family earning \$40,000 annually would have to spend \$4,800 per
18 year on home energy, if it had the same 12% energy burden as the
19 average LIHEAP recipient. To further describe the hardship
20 experienced by LIHEAP recipient households, it should be noted
21 that under LIHEAP eligibility guidelines in Missouri, a family of
22 3 is eligible for assistance with a household income of up to
23 \$14,000 annually.

24 Q. How many Laclede customers receive LIHEAP, and about how many are
25 eligible to receive assistance?

1 A. In FY 1998, 14,688 Laclede customers received LIHEAP. Of these,
2 6,500 households needed additional assistance in the form of
3 Dollar-Help, Dollar More, Emergency Crisis Intervention Program
4 (ECIP) funds, etc.. The amount of assistance received by
5 Laclede's customers totaled \$2,881,024 in FY 1998. It is widely
6 estimated that less than 30% of the households eligible for
7 LIHEAP receive assistance. Therefore, the eligible LIHEAP
8 population in the Laclede service area is estimated to be at
9 least 48,470 (14,688 x 3.3).

10 Q. What is the current status of federal government energy
11 assistance funding?

12 A. LIHEAP was funded at \$1.1 billion for FY 1999 of which Missouri
13 received an estimated \$24 million.

14 Q. What is the outlook for LIHEAP funding during the upcoming fiscal
15 year?

16 A. The President's Budget Proposal for FY 2000 includes LIHEAP
17 funding of \$1.1 billion, plus \$300 million in emergency funds, as
18 well as an advanced appropriation of \$1.1 billion for FY 2001.
19 While the above figures appear encouraging, it should be noted
20 that they represent a \$100 million or 7% funding cut from the
21 program's funding level for FY 1995 and a \$200 million or 14% cut
22 from the funding level for FY 1994.

23 Experts in the energy assistance area and those familiar
24 with the federal budget process doubt that LIHEAP's funding level
25 will increase in the future and quite likely could be cut due to
26 spending caps imposed on federal programs, plus the impact of

1 inflation. These spending caps also intensify the funding
2 competition between important programs for funds such as those
3 involving education, health and health research programs, etc.

4 Q. What has Laclede's role been with regard to support for LIHEAP
5 funding?

6 A. Laclede has, for many years, assumed a significant leadership
7 role in advocating LIHEAP funding at the federal level. I have
8 personally worked for the last twelve years with the National
9 Fuel Funds Network (NFFN), the National Low Income Energy
10 Consortium (NLIEC), the LIHEAP Coalition and National Consumer
11 Law Center (NCLC) in support of LIHEAP funding. Additionally, I
12 have worked with industry associations such as the American Gas
13 Association and Associated Gas Distribution Companies (AGD) in
14 support of LIHEAP. Laclede personnel, working with Sister
15 Patricia Kelley, helped found NFFN, and have been a part of the
16 organization for the last 16 years, including various leadership
17 roles. NFFN, with assistance from Laclede, has annually
18 submitted oral and written testimony in support of LIHEAP funding
19 before relevant Congressional committees for the last 13 years.

20 Laclede has been widely recognized and praised for its
21 efforts in support of LIHEAP as exemplified by the 1994 NFFN
22 Sister Patricia Kelley Achievement Award and the Human
23 Development Corporation's 1990 Humanitarian Award. In addition,
24 I have personally made presentations on energy assistance issues
25 and needs before almost all of the above organizations' national
26 conferences.

1 Q. Are there studies which demonstrate the value of energy
2 assistance to society as a whole?

3 A. Yes, there are, in my opinion, several credible, relevant studies
4 including the ones discussed below.

- 5 • A 1991 Philadelphia study found that "utility terminations
6 (due to unaffordability) are clearly a precipitating factor
7 in housing abandonment."²
- 8 • A 1992 Boston City Hospital study which supports the "Eat
9 or Heat" dilemma faced by low-income households. The
10 number of clinically underweight children brought to the
11 hospital's emergency room increased by 30% in the period
12 immediately following the coldest months of the year. Once
13 chronic disease was ruled out, researchers theorized the
14 weight loss must be due to the cold and the economic burden
15 imposed by heating costs.³
- 16 • A 1995 study found a relationship between household energy
17 costs, family mobility and poor educational achievement by
18 children in rural, low-income Missouri households.⁴ This
19 was a national study conducted in Missouri. Therefore, the
20 study's data is specific to our State.

² An examination of the relationship between Utility Terminations, Housing Abandonments and Homelessness.

³ Seasonal Change in Weight for Age in a Pediatric Emergency Room: A Heat or Eat Effect? Boston City Hospital Study of the Effects of Cold Weather and High Energy Costs on the Health of Low-Income Children, September, 1992.

⁴ A Road Oft Taken: Unaffordable Home Energy Bills, Forced Mobility and Childhood Education in Missouri by Roger Colton.

- 1 • Roger Colton in a 1997 paper presented a list of "benefits
2 of energy assistance to the community at large in addition
3 to low-income households and the companies that supply
4 those households with energy." Colton concluded that
5 "energy assistance does provide benefits to society as a
6 whole."⁵

7 All of these studies demonstrate that there are other
8 societal costs incurred when household energy is not affordable
9 and inadequate assistance funding exists. Therefore, efforts to
10 assist poor households benefit all of Laclede's ratepayers.

11 Q. Please describe Laclede's legislative efforts in support of
12 energy assistance at the state level.

13 A. For more than eleven (11) years, the State of Missouri has relied
14 on federal funds from LIHEAP to assist its low income citizens,
15 including many elderly and disabled. However, LIHEAP funding has
16 been severely and consistently cut over the last ten years,
17 primarily due to cuts in the federal budget. The Committee to
18 Keep Missourians Warm, of which Laclede is an active founding
19 member, along with the assistance of other parties, worked for
20 the introduction of SB 263, Missouri's Utilicare bill. This bill
21 was passed during the 1997 session of the General Assembly. This
22 bill expands the eligibility for assistance to needy households
23 which, although eligible for LIHEAP, would not otherwise receive
24 assistance due to federal funding cuts. Many members of the
25 Committee to Keep Missourian's Warm and others have stated that

⁵ Non-Energy Benefits From Low-Income Fuel Assistance, Roger Colton, 1997.

1 Laclede's leadership efforts in support of this bill was a major
2 factor in its passage.

3 Last year Laclede led the Committee to Keep Missourians
4 Warm's effort to get the Utilicare bill funded for the current
5 winter (FY 1999). This year Laclede is actively involved in
6 efforts to obtain Utilicare funding for FY 2000.

7 Q. What role do you believe the Commission should play with regard
8 to the Utilicare bill?

9 A. I believe the Commission could be very helpful by supporting
10 legislation to fund Utilicare. The Governor has included a \$1E
11 appropriation request in his FY 2000 budget. However, help from
12 all interested parties is vitally needed to make sure a funding
13 bill is passed. As stated above, efforts to get energy
14 assistance for low-income households benefit all ratepayers.

15 Q. What non-government fundraising actions has the Company taken in
16 light of the actual and anticipated reductions in LIHEAP funding?

17 A. The Company has, for the last several years, intensified its
18 efforts to assist private energy assistance organizations in St.
19 Louis to solicit small contributions from the public and raise
20 contributions in cooperation with corporate partners through
21 programs such as Dollar-Help, which Laclede helped co-found.
22 These efforts have included new cooperative fundraising programs
23 such as:

- 24 • "Scan & Give" initiated in 1995 in cooperation with
25 Schnucks Markets which allows grocery shoppers to make
26 Dollar-Help donations at the check-out counter;

- 1 • The "Warm-Up For Dollar-Help" initiated in 1996 with Midas
2 Muffler; and
- 3 • The "Just A Dollar Helps" fund-raiser initiated in 1997 in
4 cooperation with WaterWays Car Wash.
- 5 • The production of a series of Public Service Announcements
6 for broadcast on KMOX Radio.
- 7 • Also, the "Super Dollar-Help Weekend" fund-raiser is
8 conducted each year in cooperation with major Protestant,
9 Jewish and Catholic leaders at their churches and
10 Synagogues. It should be noted that Archbishop Justin
11 Rigali announced his support for Dollar-Help funding during
12 the last week in January, 1999.

13 The number and variety of funding partners cited above
14 demonstrates, in my opinion, the community's recognition of the
15 need for and value of Dollar-Help.

16 Laclede's employees have also volunteered to help with
17 Dollar-Help's fundraising by assisting on their own time with the
18 Rise & Shine For Dollar-Help fund-raiser conducted in cooperation
19 with Hardee's Restaurants.

20 Q. Does the Company itself provide funding and administrative
21 support for Dollar-Help?

22 A. Yes. The Company has for many years utilized corporate
23 contributions to help needy families with their energy bills -
24 contributions that have not received rate recognition. The
25 Company also provides all of the needed administrative support

1 for Dollar-Help to assure that all funds donated are used
2 exclusively to assist needy, low income households.

3 Q. How much money has Dollar-Help raised?

4 A. Dollar-Help currently raises about \$550,000 per year from all
5 sources. Since the Program's inception to date, Dollar-Help has
6 raised over \$7.6 million. The Program currently assists about
7 2,200 families each year and since inception has assisted over
8 30,000 needy families.

9 Q. What is the significance of the Dollar-Help funds raised?

10 A. The \$7.6 million raised by Dollar-Help since its inception is
11 almost seven times the amount of money appropriated by the State
12 over the same period for energy assistance. For example, despite
13 the warmer winters, the applicants for and recipients of Dollar-
14 Help funds have remained almost constant for the last several
15 years because the recipients are so poor. This demand has been
16 intensified by LIHEAP funding cuts and the related need for the
17 State to tighten eligibility criteria for assistance.

18 Q. Does Dollar-Help assist only Laclede Gas Company customers or
19 natural gas users?

20 A. No. Dollar-Help is designed to assist qualified, needy, low-
21 income households in the Laclede service territory regardless of
22 the type of fuel used for home heating. Customer fuel supplies
23 funded by Dollar-Help include electricity, propane, wood, and oil
24 as well as natural gas.

25 Q. What other energy assistance programs has the Company initiated
26 or participated in which assist low-income customers?

1 A. Laclede has voluntarily initiated several programs to assist low-
2 income customers such as the EnergySmart Programs which include
3 the Customer Assistance Program (CAP) and Customer Education
4 Program (CEP), as well as the WeatherWise Program. Both
5 programs, Energy Smart and WeatherWise, have won industry awards
6 or recognition for their design and service delivery. Also, in
7 1997, Laclede completed a low-income Pilot Weatherization Grant
8 Program, which was authorized in the 1992 rate case settlement.
9 The Program was conducted in cooperation with the Commission, the
10 Missouri Department of Natural Resources and the Office of the
11 Public Counsel. The Program report provided an exhaustive
12 analysis of the Low Income Weatherization Program's operation and
13 benefits.

14 Q. Please briefly describe the EnergySmart Programs.

15 A. CAP was initiated in 1996 in an effort to identify particularly
16 vulnerable customers who received energy assistance the previous
17 year, but whose gas service was not active at the start of the
18 Missouri Cold Weather Rule period. The purpose of this program
19 is to be proactive in an attempt to avoid winter tragedies.

20 After the above households have been identified, Laclede's
21 meter reading personnel, while on their regular routes, without
22 inquiry, will make an assessment as to whether the households
23 appear to be occupied. If it appears that the households are
24 occupied, Laclede's Community Relations Department will
25 coordinate efforts to get information about available energy
26 assistance to the households and assist where feasible in

1 facilitating the delivery of assistance through various private
2 and public social service agencies. Additionally, customers
3 receiving collection notices are also provided with information
4 on how to obtain energy assistance.

5 With regard to customer education, Laclede's Community
6 Relations Manager, as well as other employees, conduct workshops
7 at various social service agency sites for low-income customers.
8 At these workshops attendees are provided with information on how
9 they can implement various low or no-cost weatherization energy
10 conservation measures to reduce their energy usage. Participants
11 are also advised that they can contact the Company when they have
12 problems paying their bills and are encouraged to do so.

13 Additionally, during the workshops, Laclede employees
14 working with host social service agencies will attempt to obtain
15 assistance for participants whenever possible or at least
16 initiate the assistance process.

17 Q. Will you briefly describe the WeatherWise Program?

18 A. WeatherWise, initiated in 1996, is designed to provide
19 weatherization assistance to needy, low-income elderly and
20 handicapped households.

21 Under the Program, Laclede purchases weatherization kits
22 for the Program and provides the tools needed to install the
23 weatherization measures. Laclede employees, family members and
24 friends volunteer to weatherize the homes of recipient households
25 on their own time, on Saturdays in October. This Program has

1 received national awards and recognition as well as praise from
2 citizens and the local media.

3 Q. What results have been obtained as a result of the EnergySmart
4 and WeatherWise and Pilot Weatherization Programs?

5 A. For the 1998-99 winter to date, CAP assisted 135 households and
6 obtained assistance funds totaling \$88,736. The customer
7 education workshops beginning February, 1996 to date assisted
8 1,122 households and obtained assistance totaling \$476,917. As a
9 result of the WeatherWise Program more than 330 households have
10 been weatherized over the last three years. It should be noted
11 that all of the above programs were conceived, developed and
12 implemented voluntarily by Laclede. We are not aware of similar
13 programs being implemented by any other natural gas utility in
14 the State. As a result of the Pilot Weatherization Program, 118
15 households were weatherized.

16 Q. Is Laclede involved with other organizations that assist low-
17 income persons in the energy assistance and information area?

18 A. Laclede is a supporter of Energycare, a not-for-profit agency
19 established by the late Sister Patricia Kelley to help low-income
20 households locate needed assistance as well as provide energy
21 education services.

22 Laclede is a member of Operation Weather Survival (OWS).
23 OWS' membership consists of representatives of local government,
24 utilities, not-for-profit agencies and others. OWS was formed to
25 develop a comprehensive network of energy experts to disseminate
26 vital information in weather emergencies to avoid tragedies. OWS

1 was asked to assist the City of Chicago in developing a similar
2 program in the aftermath of the 1995 heat disaster and related
3 deaths. Laclede's Manager of Community Relations Chairs the OWS
4 Cold Weather Committee.

5 Q. Does Laclede offer energy service programs that benefit its non-
6 low-income customers?

7 A. Yes. The programs discussed below are available to all
8 customers, regardless of income.

9 Since 1981 the Company has operated its Residential
10 Insulation Financing Program. This Program provides low-interest
11 loans to qualified customers to insulate their homes with payment
12 terms of up to seven and one-half (7-1/2) years. To date the
13 Program has made 9,004 loans totaling \$10,984,727.

14 In October, 1995 Laclede initiated the EnergyWise Dealer
15 Program which provides financing, through authorized HVAC
16 contractors, for the purchase and installation of energy-
17 efficient natural gas heating and gas or electric cooling
18 equipment and other natural gas appliances. Since its inception
19 through January 1, 1999, 1,541 loans totaling over \$6.3 million
20 have been made under the Program through 173 participating HVAC
21 contractors.

22 Q. Does the Company participate in any programs which are designed
23 to improve the environment?

24 A. Yes. The St. Louis area has for several years been under great
25 pressure from the U.S. Environmental Protection Agency to reduce
26 the emissions of smog producing substances from automobiles

1 operating on gasoline. This issue has reached near crisis
2 proportions with the threat of the loss of federal highway funds
3 if corrective measures are not taken quickly. One way to reduce
4 such emissions is the use of Compressed Natural Gas (CNG) as fuel
5 for vehicles. Compared to traditional fuels, CNG will virtually
6 eliminate particulate soot and reduce emissions of carbon
7 monoxide by as much as 90% and reactive hydrocarbons by 85%.
8 Cleaner air also enhances an area's image and helps promote
9 economic development which benefits all residents of a region.

10 Laclede has for several years worked cooperatively with the
11 Bi-State Development Agency on a four phase project to convert a
12 portion of its bus fleet to operate on CNG fuel. To date 40 CNG
13 buses have been added to the Bi-State fleet.

14 On June 19, 1997, Laclede, working with Shell Oil Company,
15 opened Missouri's first public outlet for CNG at a local service
16 station. Laclede believes making alternative fuels more
17 accessible to the public is an important step in our community's
18 efforts to improve the quality of the air we breathe.

19 Q. In addition to Bi-State, are there other companies or agencies
20 using CNG or planning to do so?

21 A. Yes, there are 10 other companies and agencies in the St. Louis
22 Region operating CNG-powered vehicles. Also, 4 additional area
23 companies or organizations are in the process of incorporating
24 CNG-fueled vehicles into their fleet.

25 Q. Are Laclede and its employees engaged in other activities
26 designed to benefit the region?

1 A. Laclede and its employees have a long history of both volunteer
2 and funding support for area not-for-profit organizations
3 established to benefit the community at large. Examples of such
4 organizations include: United Way of Greater St. Louis, March of
5 Dimes, Boy Scouts, YMCA, Junior Achievement, various local
6 college and university boards of trustees, Regional Commerce and
7 Growth Association, Children's Hospital, United Cerebral Palsy
8 and many more. Additionally, the boards I personally serve on
9 include the following: Cameron Youth Orchestra, The College
10 Fund/UNCF, St. Louis 2004 (Chair/Co-Chair Committee), St. Louis
11 University, Salvation Army, Urban League, and Laumeier Sculpture
12 Park.

13 Q. Can you provide examples of how Laclede's involvement in the
14 above organizations have benefited the community?

15 A. Laclede's former Chairman and CEO served as Chairman of the St.
16 Louis Area's 1997 United Way Campaign. That Campaign raised over
17 \$55 million to assist area agencies. Laclede's employees, Union
18 and Management, in support of this Campaign, contributed a
19 record \$290,000 to the Campaign which represented a 43% increase
20 over the previous year.

21 In 1998, Laclede's employees contributed over \$42,000 to
22 the Arts & Education Council. Additionally, Laclede, in
23 Fiscal 1998 spent about \$575,000 in donations, excluding
24 donations from the Laclede Charitable Trust. Of the \$575,000 in
25 donations, about 20-25 percent was spent on
26 what we classify as human needs and services to organizations

1 such as Arthritis Foundation, Boys Hope/Girls Hope, etc.
2 These efforts represent just three examples of Laclede's
3 community leadership. Also, Laclede personnel have held
4 leadership roles in most of the organizations listed
5 previously.

6 Q. Do you have any summary comments on your testimony.

7 A. In my opinion, the above testimony clearly illustrates the
8 Company's willingness to exercise leadership in the community for
9 the benefit of all its customers. Many of the efforts were
10 initiated by the Company because an important community need
11 existed and lacked leadership. Throughout most of the 1990s
12 great emphasis has been placed on the need for good corporate
13 leadership and volunteerism. I feel this testimony reflects the
14 Company's willingness to meet these challenges.

15 Q. Does this conclude your testimony?

16 A. Yes, it does.