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January 6, 2004

The Honorable Dale Hardy Roberts
Secretary/Chief Regulatory Law Judge
Missouri Public Service Commission
P.O. Box 360
Jefferson City, MO 65102-0360

FILED
JAN 06 2004

Re: Case No. GR-2004-0072

Missouri Public
Service Commission

Dear Judge Roberts:

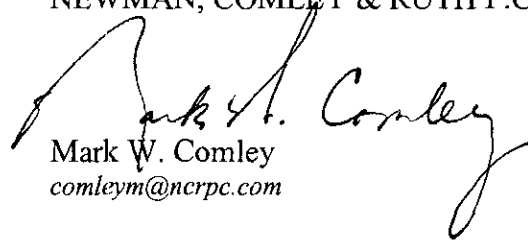
Enclosed for filing in the above referenced matter, please find the original and five copies of the Direct Testimony of Robert T. Jackson. Mr. Jackson's testimony is being filed with a facsimile affidavit. The original affidavit will be provided to the Commission just as soon as it is available.

Please contact me if you have any questions regarding this filing. Thank you.

Very truly yours,

NEWMAN, COMLEY & RUTH P.C.

By:


Mark W. Comley
comleym@ncrpc.com

MWC:ab

Enclosure

cc: Office of Public Counsel
General Counsel's Office
William D. Geary
Dean Cooper
Stuart W. Conrad
Max Burbach
Amy Randles

Exhibit No.:
Issue: Weatherization Program
Witness: Robert T. Jackson
Sponsoring Party: City of Kansas City, Missouri
Case No.: Case No. GR-2004-0072

FILED

JAN 06 2004

Missouri Public
Service Commission

CITY OF KANSAS CITY, MISSOURI

Case No. GR-2004-0072

DIRECT TESTIMONY

OF

ROBERT T. JACKSON

Kansas City, Missouri
January, 2004

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI


In the Matter of Aquila, Inc., d/b/a Aquila Networks)
- MPS and Aquila Networks - L&P, Natural Gas) Case No. GR-2004-0072
General Rate Increase.)

AFFIDAVIT OF ROBERT T. JACKSON

STATE OF MISSOURI)
) ss.
COUNTY OF JACKSON)

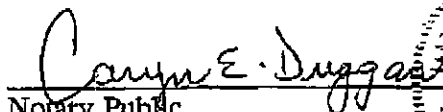
I, Robert T. Jackson, of lawful age, and being duly sworn, do hereby depose and state:

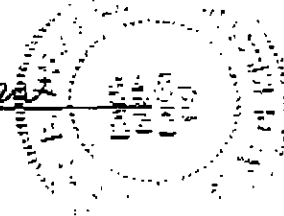
1. My name is Robert T. Jackson. I am presently Weatherization Program Administrator with the City of Kansas City, Missouri, intervener in the referenced matter.
2. Attached hereto and made a part hereof for all purposes is my direct testimony.
3. I hereby swear and affirm that my answers contained in the attached testimony to the questions therein propounded are true and correct to the best of my personal knowledge, information and belief.


Robert T. Jackson

Subscribed and sworn to before me, a Notary Public, this 6th day of January, 2004.

CARYN E. DUGGAN
Notary Public - Notary Seal
STATE OF MISSOURI
JACKSON COUNTY
My Commission Expires: April 2, 2008


Notary Public



1 DIRECT TESTIMONY OF ROBERT T. JACKSON

2

3 Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.

4 A. My name is Robert T. Jackson. My business address is Department of Housing and
5 Community Development, 11th Floor, City Hall, 414 East 12th Street, Kansas City,
6 Missouri 64106.

7

8 Q. BY WHOM ARE YOU EMPLOYED AND IN WHAT CAPACITY?

9 A. I am employed by the City of Kansas City as Weatherization Program Administrator
10 within the Department of Housing and Community Development.

11

12 Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?

13 A. I will briefly discuss the history of the Weatherization Program in Kansas City. I also
14 will testify about how the City's program can benefit Aquila customers and improve
15 credit and collections for Aquila. It is my recommendation that the Commission
16 implement a weatherization program with respect to Aquila's gas operations.

17

18 Q. HAVE YOU ALSO FILED WRITTEN TESTIMONY ON THIS SUBJECT IN CASE
19 NO. ER-2004-0034 WHICH INVOLVES AQUILA'S ELECTRIC RATES?

20 A. Yes. My testimony will be very similar to the testimony I submitted in Case No. ER-
21 2004-0034 with a few additions.

22

23 Q. PLEASE DESCRIBE HOW THE WEATHERIZATION PROGRAM BEGAN.

24 A. It was the City of Kansas City that first suggested, and then helped create, one of the first
25 city/utility partnerships in an experimental energy conservation program to benefit
26 residential customers. The program was soon labeled the "weatherization program" and

1 was, and still is, mainly devoted to assisting utility customers who had (or have)
2 difficulty paying bills. As a result of the City's initiative, a partnership was established
3 with KPL Gas Service Company. The partnership continues with Southern Union
4 Company, d/b/a Missouri Gas Energy (MGE). In Commission Case No. GR-96-285 an
5 agreement was reached between the City and MGE which provided for continued funding
6 of the weatherization program, and the program as approved has been continued through
7 two subsequent rate MGE orders in Case Nos. GR-98-140 and GR-2001-292.

8

9 Q. HAS THE PROGRAM BEEN SUCCESSFUL?

10 A. Yes, it has been successful. A report on the merits of the program was delivered to the
11 Commission in Case No. GR-2001-292. In that case, TecMRKT Works filed a report
12 entitled *Process and Impact Evaluation of Missouri Gas Energy's Pilot Weatherization*
13 *Program*. TecMRKT stated at page vii of the executive summary:

14 [W]e found the program provides positive benefit cost ratios,
15 strong energy savings and is well organized and structured to
16 provide valuable services to the participants. We found that the
17 program is functioning well and is able to deliver valuable services
18 to participants in a way that should be viewed as a credit to the
19 Company, the City and many of the installation contractors. In
20 addition, the program operations, records, and tracking systems we
21 examined are exceptionally well designed and maintained and
22 effectively support the program operations and implementation.

23

1 Q. IS THE PROGRAM ADMINISTERED PURSUANT TO GOVERNMENTAL
2 GUIDELINES?

3 A. Yes, the City operates the program pursuant to guidelines established by the U. S.
4 Department of Energy as administered by the Missouri Department of Natural Resources
5 (DNR). DNR also acts as the distributor of the available weatherization program grants.
6

7 Q. HAS THERE BEEN ANY CHANGE IN THE DEMAND FOR WEATHERIZATION
8 ASSISTANCE?

9 A. No, there has not. In fact, demand is increasing. In 2003, the program witnessed an
10 increase in the number of households applying for weatherization assistance. At this time,
11 there is a two-year wait before the program can provide assistance. As the winter
12 progresses, we predict that the wait time will increase.
13

14 Q. DOES AQUILA OFFER GAS SERVICE TO ANY RESIDENTIAL CUSTOMERS IN
15 THE CORPORATE LIMITS OF KANSAS CITY?

16 A. It is my understanding that the company does not.
17

18 Q. PLEASE EXPLAIN WHY YOUR DEPARTMENT HAS AN INTEREST IN THIS
19 PROCEEDING.

20 A. DNR has designated Kansas City as the home weatherization subgrantee for all of Clay,
21 Platte and Jackson counties. This means that for eligible homes in the three county area,
22 Kansas City acts as administrator of home weatherization projects and will receive,
23 distribute and account for the grant funding to finance them. Although Aquila has no
24 residential gas customers in the city limits of Kansas City, it is my information that the

1 company has gas customers in the cities of Platte City, Tracy and Westin in Platte
2 County, Missouri. As a subgrantee, the City of Kansas City will inevitably be involved
3 in any weatherization program ordered by the Commission and implemented by Aquila
4 for its Platte County customer base.

5 Q. HAS AQUILA ALREADY BENEFITTED FROM A WEATHERIZATION
6 PROGRAM?

7 A. I think it most certainly has. As I mentioned in my testimony in Case No. ER-2004-
8 0034, the Aquila electric customers, who have had their homes weatherized through the
9 MGE and DNR weatherization programs, have been relieved of the burden of gas bills
10 that were excessive due to poor home insulation or inefficient gas furnaces. In trimming
11 their monthly gas bills, the weatherization program has made it easier for the residents of
12 these homes to pay for other utilities. In the case of weatherized homes generally, this
13 translates into more efficient utilization of energy for such things as air conditioning in
14 the summer. The Weatherization Program supplies a cross benefit to both the gas and
15 electric utilities that provide services to a weatherized residence. Additionally, there have
16 been Aquila electric customers who have qualified for federal weatherization assistance
17 through my office. Yet, there are many other eligible Aquila electric customers who have
18 not. That is the reason why I believe Aquila should itself implement, with the assistance
19 of the City, a weatherization program to help these low income electric customers, and I
20 so testified in Case No ER-2004-0034. What I have already said also justifies the
21 implementation of the program with respect to Aquila's gas customers. Again, with the
22 City's assistance, Aquila can implement a weatherization program which will help its low
23 income gas customers.

24

25 Q. WHAT BENEFITS COULD AQUILA DERIVE FROM IMPLEMENTING A

1 WEATHERIZATION PROGRAM OF ITS OWN FOR ITS GAS CUSTOMERS?

2 A. Very simply, a weatherization program for eligible low-income gas customers translates
3 into direct benefits for the company. Those benefits include a reduction in energy
4 consumption, which in turn means reduction in demand for fuel and power. This should
5 appeal to the company's interests in lowering costs of acquisition, generation and
6 distribution. As a customer's demand for gas is reduced, so too is the customer's bill for
7 service. This means higher affordability for utility services and a reduction in overdue
8 bills and bad debt.

9
10 Q. WOULD THERE BE OTHER BENEFITS DERIVED FROM SUCH A PROGRAM?

11 A. I mentioned earlier the increased demand for weatherization assistance our office
12 witnessed in 2003 and the two-year waiting period to process applications. A
13 weatherization program funded by Aquila for its customers will help meet the increased
14 demand for assistance and help reduce the waiting period. Furthermore, there is a limit to
15 the public resources committed to weatherization. An Aquila funded weatherization
16 program will augment the resources available from the federal, state and local social
17 services agencies that consider requests for assistance.

18
19 Q. WHAT IS YOUR PROPOSAL TO THE COMMISSION?

20 A. I propose that the Commission direct that Aquila implement a weatherization program for
21 the benefit of its eligible gas and electric customers that will supplement the available
22 federal funding through DNR and any other agencies. Such a program must naturally
23 comply with and follow all federal guidelines established by the US Department of
24 Energy as administered by DNR. I propose as well that the Aquila weatherization
25 program take advantage of the services of my department, which has shown that it can
26 successfully partner with utilities on this important service.

1

2 Q. IS THE CITY PREPARED TO ADMINISTER A WEATHERIZATION PROGRAM IN
3 CONJUNCTION WITH AQUILA?

4 A. Yes. I will repeat what I stated in my testimony filed in Case No. ER-2004-0034. My
5 department is equipped and staffed for this purpose and is ready and willing to work with
6 Aquila just like it works with MGE in its program.

7

8 Q. DOES THIS CONCLUDE YOUR DIRECT TESTIMONY?

9 A. Yes, it does.