

Exhibit No.:

Issue(s):

Witness/Type of Exhibit:

Sponsoring Party:

Case No.:

DNR Low Income
Weatherization Proposal
Kind/Rebuttal
Public Counsel
ER-2004-0570

REBUTTAL TESTIMONY

OF

RYAN KIND

FILED

NOV 04 2004

Missouri Public
Service Commission

Submitted on Behalf of
the Office of the Public Counsel

EMPIRE DISTRICT ELECTRIC COMPANY

CASE NO. ER-2004-0570

November 4, 2004

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

In the Matter of the tariff filing of The)
 Empire District Electric Company)
 to implement a general rate increase for) Case No. ER-2004-0570
 retail electric service provided to customers)
 in its Missouri service area.)

AFFIDAVIT OF RYAN KIND

[illegible]

Ryan Kind, of lawful age and being first duly sworn, deposes and states:

1. My name is Ryan Kind. I am Chief Utility Economist for the Office of the Public Counsel.
2. Attached hereto and made a part hereof for all purposes is my rebuttal testimony consisting of pages 1 through 4 and Schedule RK-1.
3. I hereby swear and affirm that my statements contained in the attached testimony are true and correct to the best of my knowledge and belief.

Ryan Kind
Ryan Kind

Subscribed and sworn to me this 4th day of November 2004.

KATHLEEN HARRISON
Notary Public - State of Missouri
County of Cole
My Commission Expires Jan. 31, 2006

Kathleen Harrison
Kathleen Harrison
Notary Public

My commission expires January 31, 2006.

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Jere Buckman

Q. HAVE YOU TESTIFIED PREVIOUSLY BEFORE THIS COMMISSION?

A. Yes, prior to this case I submitted written testimony in: numerous gas rate cases, several electric rate design cases and rate cases, as well as other miscellaneous gas, electric, and telephone cases. I have worked on low income utility issues since the early 1990s and filed my first testimony on such issues in July 1992 in Case No. GR-92-165.

Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?

A. This testimony will address the low income weatherization proposals made by the Missouri Department of Natural Resources Energy Center (DNR) in the Direct Testimony of DNR witnesses Anita Randolph and Ron Wyse.

Q. DO YOU HAVE ANY ADDITIONAL EXPERIENCE DIRECTLY RELATED TO LOW INCOME WEATHERIZATION PROGRAMS IN MISSOURI?

A. Yes. I have been involved in the implementation of almost all of the utility funded low income weatherization programs in Missouri. In addition, I am currently a member of DNR's Weatherization Policy Advisory Council and have served several terms on that council.

Q. DOES PUBLIC COUNSEL GENERALLY SUPPORT DNR'S RECOMMENDATION FOR EMPIRE TO BEGIN FUNDING A LOW INCOME WEATHERIZATION PROGRAM THAT IS CONSISTENT WITH FEDERAL WEATHERIZATION GUIDELINES THROUGH LOCAL COMMUNITY ACTION AGENCIES OPERATING WITHIN EMPIRE'S SERVICE TERRITORY?

A. Yes, but while Public Counsel is generally supportive of the concept, we would recommend that the initial funding level of the program be about one-half of the funding level proposed by DNR. DNR has proposed an annual funding level of \$181,250 for a

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1 new Empire low income weatherization program. Public Counsel recommends that the
2 program have a funding level of \$90,000 per year.

3 **Q. WHY DOES PUBLIC COUNSEL BELIEVE THAT A FUNDING LEVEL OF \$90,000 PER YEAR**
4 **IS MORE APPROPRIATE THAN THE \$181,250 FUNDING LEVEL PROPOSED BY DNR?**

5 A. There are two main reasons for Public Counsel's lower recommended annual funding
6 level. First, Empire has no experience with funding a low income weatherization program
7 and coordinating the program with local community action agencies and DNR. My
8 experience with these programs has led me to believe that it is better to start these
9 programs at a moderate level while the utility and its partners gain experience
10 implementing the program. The second reason for OPC's lower recommended level of
11 funding is that the potential rate impacts of these programs on customers not eligible for
12 participating should be considered. Since the funding level proposed by DNR would
13 result in the highest potential rate impact per customer of any low income program
14 funded by a Missouri electric utility, Public Council believes that a lower level of
15 funding, at least initially, is appropriate.

16 **Q. YOU STATED THAT THE LEVEL OF FUNDING PROPOSED BY DNR IS HIGHER, ON A PER**
17 **CUSTOMER BASIS, THAN THE FUNDING LEVEL OF ANY OTHER MISSOURI ELECTRIC**
18 **UTILITY LOW INCOME WEATHERIZATION PROGRAM. HAVE YOU PERFORMED ANY**
19 **ANALYSIS THAT SUPPORTS YOUR CONCLUSION?**

20 A. Yes, please refer to Schedule RK-1. This schedule shows that DNR's proposal would
21 have a funding amount of about 13.1 cents/customer per month. Schedule RK-1 shows
22 that the AmerenUE and Aquila electric low income weatherization programs have
23 funding amounts of 1.7 and 8.2 cents/month per customer respectively. Schedule RK-1
24 also shows that if the funding level for DNR's low income weatherization program were

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1 lowered from \$181,250 to \$90,000, then it would have a funding amount of about 6.5
2 cents/customer per month.

3 **Q. PLEASE SUMMARIZE YOUR TESTIMONY.**

4 A. While Public Counsel is generally supportive of DNR's proposal for Empire to fund a
5 low income weatherization proposal, we believe that its annual funding level should be
6 lowered from \$181,250 to \$90,000.

7 **Q. DOES THIS CONCLUDE YOUR DIRECT TESTIMONY?**

8 A. Yes.

Summary of Low Income Weatherization Funding Levels at Missouri Regulated Energy Utilities

		Low-Income Weatherization	Low-Income Rate Program Weatherization	Residential Customers	Weatherization Annual Per Customer Amount	Weatherization Monthly Amount per customer
Gas Utilities						
Laclede	GR-2002-356	340,000		596,000	\$0.57	\$ 0.048
MGE	GR-2004-0209	500,000		439,000	\$1.14	\$ 0.095
Aquila Natural Gas	GR-2004-0072	78,500	24,000	46,000	\$2.23	\$ 0.186
AmerenUE Gas	GR-2003-0517	155,000	68,000	97,000	\$2.30	\$ 0.192
Electric Utilities						
Aquila Electric	ER-2004-0034	50,000		249,000	\$0.20	\$ 0.017
AmerenUE Electric	EC-2002-1	1,000,000		1,016,000	\$0.98	\$ 0.082
Empire Case						
DNR's Empire Proposals		181,250		114,900	\$1.58	\$ 0.131
OPC's Empire Recommendation		90,000		114,900	\$0.78	\$ 0.065