



AMEREN MISSOURI'S REPORT RESPONSE TO:
"HOW ITS LOW INCOME WEATHERIZATION
PROGRAM SHOULD BE ADMINISTERED."

Prepared for
Missouri Public Service Commission
Case No. ER-2016-0179

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I. Stipulation and Agreement

"Low-Income Weatherization. Ameren Missouri agrees to cooperate with interested stakeholders to discuss how its low-income weatherization program should be administered going forward, and to develop a report to be submitted to the Commission by the end of 2017. Ameren Missouri will convene at least two meetings (teleconference or in person) with stakeholders to allow an exchange of information and ideas."

II. Meetings

- 1) Meeting #1 on Thursday 8/31/17, at the Truman Building, Jefferson City, MO. The meeting was scheduled from 12:30-4:30pm but adjourned early at 3:30pm.
- 2) Meeting #2 on Monday 11/6/17, conference call, 2pm-3pm.

III. Attendance

The two meeting invitations were sent to signatories of the ER-2016-0179 Stipulation & Agreement. The organizations represented at one of both of the meetings included:

- Ameren Missouri
- Division of Economic Development (DED)
- Public Service Commission Staff
- Office of Public Council
- Renew Missouri
- National Resource Defense Council

IV. Presentations

- Barb Meisenheimer, DED PowerPoint presentation, see Appendix A.

V. Program Administration and Options

Significant discussion was provided regarding information on current and past low income weatherization program administration throughout Missouri and possible alternatives for administering the funds that Ameren Missouri customers allocate towards the low income weatherization program. The Ameren Missouri funds are currently administered by the Division of Economic Development. On behalf of DED, the Environmental Improvement and Energy Resources Authority (EIERA) handles the receipt and disbursement of program funds to the local community action agencies and does not receive administrative compensation. The following list of options were developed from the open discussion at the two meetings; it is important to note that there was no consensus reached among participants regarding the best administrative option.

- 1) DED continues to administer the program funds without compensation (status quo).
 - Since 2013, in October DED administers federal Low Income Home Energy Assistance Program (LIHEAP) funds, of up to \$7M and receives compensation for \$100,000 for personnel, \$100,000 for equipment and expenses, less than 3%. Annually on July 1st, Department of Energy (DOE) also provides \$5.5M for weatherization and DED receives \$275,000 compensation (5%). EIERA also handles the distribution of the actual funds to the community action agencies and is asking for compensation to cover auditing and accounting fees on a transaction basis.

- In addition to Ameren Missouri, Spire (formerly Laclede) and Ameren Missouri natural gas low income weatherization funds are currently administered by DED at no additional cost.
 - DED indicated that administering the additional utility programs adds some incremental cost to the division beyond the compensation currently received from DOE and LIHEAP services.
- 2) DED continues administration of the program funds with compensation.
- DED currently provides agency oversight and ensures funding is managed appropriately. For any carryover of funds DED follows the LIHEAP Clearinghouse guidelines.
 - DED has requested compensation to cover expenses incurred due to administering the program funds.
 - The compensation amount requested by DED is "at cost up to 5% of the funds administered."
 - Ameren Missouri provides \$1.2M annually for electric low income weatherization, 5% is \$60,000.
 - The \$1.2M Ameren Missouri funding has a stipulation to hold back \$60,000 annually for program evaluation with a not to exceed balance of \$120,000 each 2 years. Redirecting a portion the program evaluation funds as additional administration costs paid to DED was discussed as an option.
- 3) Ameren Missouri makes a direct payment to the low income weatherization agencies to administer the program. KCP&L and Spire (formerly MGE) currently pay the weatherization agencies directly to deliver weatherization services to their customers.
- The professionals performing the weatherization activities in the direct payment scenarios are generally the same professionals who perform work in the DED administered programs and are trained to follow DOE guidelines. It is assumed that the work is performed with the same high degree of competency.
 - Some stakeholders expressed concern about differences in the administration of utility funding and that they may not receive the level of accountability and consistent verification the programs are held to when administered by DED in accordance with the Federal DOE guidelines. The example cited for this was Empire District which had previously paid the agencies directly. Due to the agencies in their region continuously underspending the funds provided, Empire was ordered to implement a five year pilot requiring DED to administer their weatherization program.¹
 - It would add value to this recommendation to seek additional feedback from low income weatherization agencies regarding accountability and program verification and their experiences with utility direct payment.
- 4) Ameren Missouri issues a Request for Proposal (RFP) to hire a new program administrator.
- The program could be administered by a third-party and receive payment out of the \$1.2M fund allocation.
 - The Company could issue an RFP and review responses with regard to cost, program term and support required from internal resources.
- 5) Low income weatherization has been included in some Missouri Energy Efficiency Investment Act (MEEIA) plans, but with recent rule changes low income weatherization will be separate and not included in MEEIA. MEEIA energy efficient measures could possibly use the weatherization

¹ Empire District Electric Company Case No. EM-2016-0213 item 105 Stipulation & Agreement, Concerning an Agreement and Plan of Merger and Certain Related Transactions filed 8/23/2016

program as a delivery channel and could be part of future MEEIA plans. This would further existing allocated weatherization funds.

- This idea should be revisited in future MEEIA plan discussions to include the administration of both the MEEIA funds and weatherization funds.

From the Company's perspective, the relatively simple and immediate-term option would be to redirect the program evaluation funds as DED administration costs. In addition, the Company believes that further work needs to be done to assess a framework in which the weatherization program works hand-in-hand with MEEIA programs as a long-term solution to relieve some administration effort from DED. At this same time however, the Commission Staff filed rebuttal testimony in Spire Rate Case numbers GR-2017-0215 & GR-2017-0216, attached as Appendix B, expressing concerns about the legality of ratepayer funds being provided to DE for administrative purposes.

As a result of this development, it was discussed with stakeholders during the second weatherization meeting, that until this legal concern is resolved it would not be possible for Ameren Missouri to make a recommendation on changes to the administration of the Ameren Missouri Low Income Weatherization Program.

Ameren Missouri Low-Income Weatherization

Meeting 1
August 31, 2017

Stipulation and Agreement in Case No. ER-2016-0179

Low-Income Weatherization. Ameren Missouri agrees to cooperate with interested stakeholders to discuss how its low-income weatherization program should be administered going forward, and to develop a report to be submitted to the Commission by the end of 2017. Ameren Missouri will convene at least two meetings (teleconference or in person) with stakeholders to allow an exchange of information and ideas. For purposes of this case, the Signatories agree that DE shall continue to administer the weatherization program, and the funding of \$1.2 million for the program shall continue to be included in Ameren Missouri's revenue requirement.

- Identify options for how the low-income weatherization program might be administered going forward
- What should the report to the Commission contain?
- What information and ideas do we want to contribute?
- What work needs to be done?

As DE indicated in the last case, discussion on this issue is encouraged in an effort to identify and implement options that would benefit all parties.

- ↪ DE began providing administrative services for the Company's electric weatherization program in May 2003 and has since began providing services for other IOUs (Ameren Missouri Gas, Laclede Gas Company and Liberty Utilities).
- ↪ DE receives no general revenue funds to administer weatherization programs or the weatherization portion of Utilicare. DE does intermittently receive some funds to administer the transfer of federal LIHEAP funds for weatherization. (less than 3% in 2016)
- ↪ DE has funded the vast majority of its administrative contribution to utility weatherization programs through the USDOE grant it receives to fund the LIWAP program.
- ↪ We are working through details to take over administration of the Empire District Electric and Empire District Gas weatherization programs. DE will receive compensation equal to cost, but not to exceed 5% of the electric weatherization program funds.
- ↪ The Environmental Improvement and Energy Resources Authority ("EIERA") handles the receipt and disbursement of program funds on behalf of DE and does not currently receive administrative compensation.
- ↪ Subgrantees are contracted by DE to provide approval and installation of weatherization measures and receive compensation.

Significant components of administering the program:

- ↪ Fiscal management of multiple funding sources with differing expiration cycles.
- ↪ Issue subgrantee weatherization contracts and assign risk assessments to each subgrantee.
- ↪ On-site procedural monitoring of each subgrantee.
- ↪ Inspect a minimum of 5% of weatherized homes to ensure quality control and adherence with program guidelines as part of technical monitoring of subgrantees.
- ↪ Submittal of required reports and inquiries to USDOE.
- ↪ Provide training and technical support to subgrantees.
- ↪ Respond to federal and state auditor inquiries.
- ↪ Compile reports, invoices and expenditure tracking.
- ↪ Answer numerous subgrantee inquiries for program assistance.
- ↪ Maintain the Missouri Weatherization Assistance Program Database.
- ↪ Review every client file the subgrantee submits for reimbursement. Monthly, enter accounting data into separate tracking ledgers and authorize payment.

Exhibit No.:

*Issue: Low Income Weatherization
Income Related Considerations*

Witness: Natelle Dietrich

Sponsoring Party: MoPSC Staff

Type of Exhibit: Rebuttal Testimony

*Case Nos.: GR-2017-0215 and
GR-2017-0216*

Date Testimony Prepared: October 17, 2017

MISSOURI PUBLIC SERVICE COMMISSION

COMMISSION STAFF DIVISION

REBUTTAL TESTIMONY

OF

NATELLE DIETRICH

SPIRE MISSOURI, INC., d/b/a SPIRE

**LACLEDE GAS COMPANY and MISSOURI GAS ENERGY
GENERAL RATE CASE**

CASE NOS. GR-2017-0215 AND GR-2017-0216

**Jefferson City, Missouri
October 2017**

1 **REBUTTAL TESTIMONY**

2 **OF**

3 **NATELLE DIETRICH**

4 **SPIRE MISSOURI, INC., d/b/a SPIRE**

5 **LACLEDE GAS COMPANY and MISSOURI GAS ENERGY**
6 **GENERAL RATE CASE**

7 **CASE NOS. GR-2017-0215 AND GR-2017-0216**

8 Q. Please state your name and business address.

9 A. My name is Natelle Dietrich. My business address is 200 Madison Street,
10 Jefferson City, MO 65101.

11 Q. Are you the same Natelle Dietrich that filed Direct Testimony as part of the
12 Staff's Class Cost of Service Report in this case on September 22, 2017?

13 A. Yes I am.

14 Q. What is the purpose of your rebuttal testimony?

15 A. The purpose of my rebuttal testimony is to respond to the direct testimony of
16 the Missouri Department of Economic Development – Division of Energy (“DE”) witness
17 Sharlet E. Kroll, and her proposal that the Commission consider allowing LAC to compensate
18 DE and the Environmental Improvement and Energy Resources Authority (“EIERA”)
19 for their roles in administering LAC’s weatherization program, or in the alternative
20 direct LAC and interested parties to consider alternatives for DE’s ongoing administration of
21 utility-funded weatherization programs.

22 Q. Please explain DE’s proposal.

23 A. Ms. Kroll, beginning at page 12, line 5 of her direct testimony, explains
24 that DE has administered the LAC weatherization program since February 2008. From

1 February 2008 to July 31, 2017, Ms. Kroll states that 2,916 LAC customers were weatherized
2 utilizing company funds administered by DE. Ms. Kroll states that DE is willing to continue
3 to administer the LAC weatherization program if its administrative costs can be recovered at
4 the lesser of costs or five percent of the program budget. In support of this proposal,
5 Ms. Kroll cites consistency with the Low Income Weatherization Assistance Program
6 (“LIWAP”) guidelines at 10 C.F.R § 440.18(e), which state:

7 Not more than 10 percent of any grant made to a State
8 may be used by the grantee and subgrantees for
9 administrative purposes in carrying out duties under this
10 part, except that not more than 5 percent may be used by
11 the State for such purposes, and not less than 5 percent
12 must be made available to subgrantees by States.
13 (footnote omitted)

14 Q. What are the current sources of weatherization funding administered by DE?

15 A. According to Ms. Kroll, there are four funding streams: the United States
16 Department of Energy (“USDOE”), LIHEAP, Utilicare and some investor-owned utilities.¹
17 Ms. Kroll explains that the vast majority of DE’s administrative services have been funded
18 through the USDOE grant it receives to administer the LIWAP program. According to
19 Ms. Kroll, DE receives no state general revenue funds to administer the weatherization
20 programs, and it does not receive funds to administer the weatherization portion of Utilicare.
21 Ms. Kroll states that DE intermittently receives funds to administer federal LIHEAP funds
22 for weatherization. To the best of Staff’s knowledge, DE receives no additional funding for
23 its administrative services.

24 Q. Do you agree that the LIWAP guidelines cited by Ms. Kroll provide guidance
25 on funding for DE’s administrative services?

¹ Ameren Missouri Electric, Ameren Missouri Natural Gas, LAC and Liberty Utilities

1 A. I do not. The citation indicates a portion of any federal grant provided to a
2 state may be used for administrative purposes. It does not provide that state funds, or
3 ratepayer funds, may be used for administrative purposes.

4 Q. Does Staff support DE's request for an annual administration fee of up to
5 five percent of LAC's program budget?

6 A. No it does not.

7 Q. Please explain.

8 A. Based on my conversations with Staff Counsel related to this request, Staff
9 Counsel advises that DE's request is unlawful. First, according to Staff Counsel, Missouri
10 law forbids the preferential subsidization of certain ratepayers at the expense of all other
11 ratepayers; therefore, it would be unlawfully discriminatory and preferential to require all
12 ratepayers to subsidize the administration and delivery of weatherization services. Staff
13 Counsel also points to Section 640.676 – Public and private partnership agreements - when
14 providing legal guidance on DE's request. Section 640.676.1. states:

15 1. The [DE] director may secure other forms of
16 financial assistance permissible by law and establish
17 public and private partnerships with, but not limited to,
18 financial institutions, performance contracting vendors,
19 energy utilities and other energy providers, when such
20 other financial assistance serves to further the
21 implementation of energy conservation projects.

22 The statute authorizes the DE director to secure financial assistance from certain entities,
23 but does not authorize the DE director to secure financial assistance from the ratepayers
24 of Missouri.

25 Q. Your testimony and Ms. Kroll's proposal focus on LAC. Is Ms. Kroll
26 proposing the same administrative funding assistance for MGE?

1 A. No. MGE manages its own weatherization program, so administrative funding
2 for DE is not an issue at this time.

3 Q. Ms. Kroll, at page 13, lines 20-22, expresses concern about possible public
4 perceptions of bias if DE manages some utility weatherization programs while declining
5 to manage other requests. Would Staff be amenable to LAC managing its own
6 weatherization program?

7 A. Yes. In Staff's opinion, such an approach would be consistent with Spire's
8 efforts for consistency among its divisions.

9 Q. Ms. Kroll states, at page 11, lines 7-8, that DE will receive an annual
10 administration fee of up to five percent for a period of five years from The Empire District
11 Electric and Gas Companies. Would Staff be amenable to an arrangement where Spire
12 shareholders provide DE with administrative funding assistance?

13 A. Yes it would.

14 Q. Does this conclude your rebuttal testimony?

15 A. Yes, it does.

BEFORE THE PUBLIC SERVICE COMMISSION

OF THE STATE OF MISSOURI

In the Matter of Laclede Gas Company's)
Request to Increase Its Revenues for) Case No. GR-2017-0215
Gas Service)

In the Matter of Laclede Gas Company)
d/b/a Missouri Gas Energy's Request to) Case No. GR-2017-0216
Increase Its Revenues for Gas Service)

AFFIDAVIT OF NATELLE DIETRICH

STATE OF MISSOURI)
) ss.
COUNTY OF COLE)

COMES NOW NATELLE DIETRICH and on her oath declares that she is of sound mind and lawful age; that she contributed to the foregoing Rebuttal Testimony; and that the same is true and correct according to her best knowledge and belief.

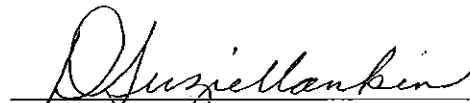
Further the Affiant sayeth not.


NATELLE DIETRICH

JURAT

Subscribed and sworn before me, a duly constituted and authorized Notary Public, in and for the County of Cole, State of Missouri, at my office in Jefferson City, on this 13th day of October, 2017.

D. SUZIE MANKIN
Notary Public - Notary Seal
State of Missouri
Commissioned for Cole County
My Commission Expires: December 12, 2020
Commission Number: 12412070


Notary Public