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Witness: *Kory J. Boustead*
Sponsoring Party: *MoPSC Staff*
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Case No.: *GR-2019-0077*
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MISSOURI PUBLIC SERVICE COMMISSION

COMMISSION STAFF DIVISION

REBUTTAL TESTIMONY

OF

KORY J. BOUSTEAD

**UNION ELECTRIC COMPANY,
d/b/a AMEREN MISSOURI**

CASE NO. GR-2019-0077

Jefferson City, Missouri
June 2019

1 **REBUTTAL TESTIMONY**

2 **OF**

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5 **KORY J. BOUSTEAD**

6 **UNION ELECTRIC COMPANY,**

7 **d/b/a AMEREN MISSOURI**

8 **CASE NO. GR-2019-0077**

9 Q. Please state your name and business address.

10 A. Kory J. Boustead and my business address is Missouri Public Service Commission,
11 P.O. Box 360, Jefferson City, Missouri, 65102.

12 Q. By whom are you employed and in what capacity?

13 A. I am employed by the Missouri Public Service Commission (“Commission”) as a
14 Rate & Tariff Examiner II in the Energy Resources Department, Commission Staff Division.

15 Q. Are you the same Kory J. Boustead that supported testimony in the Staff Report
16 Cost of Service?

17 A. Yes.

18 Q. Would you please summarize the purpose of your rebuttal testimony?

19 A. The purpose of my testimony is to respond to Ameren Missouri (“Ameren Missouri”
20 or the “Company”) witness Lauren M. Welikson’s Direct Testimony on proposed changes to
21 Ameren Missouri’s currently approved Natural Gas Energy Efficiency Plan (“EEP” or “Plan”),
22 including the addition of a low-income natural gas energy efficiency program and a red-tag repair
23 program, and the Company’s low-income weatherization assistance program. I will also address
24 the company’s intended use of a natural gas Technical Resource Manual (“TRM”).

1 **Ameren Missouri's Plan**

2 Q. Would you please briefly describe Ameren Missouri's current Natural Gas Energy
3 Efficiency Plan?

4 A. Ameren Missouri's current Plan is for customers in the residential or general service
5 natural gas rate classes. In the current energy efficiency programs, rebates are provided to
6 residential customers who replace equipment such as furnaces, water heaters, insulation, and
7 thermostats. In the general service rate class, rebates are provided to customers for many of the
8 same measures as residential customers; however the program also includes rebates for steam traps
9 and cooking measures.

10 Q. What is Ameren Missouri's proposal on the Natural Gas Energy Efficiency Plan?

11 A. The company is proposing several significant changes and additions within the Plan.

12 These proposed changes are:

- 13 1. New energy efficiency program for low-income customers;
- 14 2. Addition of a "custom" measure for business customers to allow gas transportation
15 customers to participate;
- 16 3. Use of a Natural Gas Technical Resource Manual;
- 17 4. A set-aside of program funds for use on a proposed Red-Tag Repair program; and
- 18 5. A portion of a new rider to allow Ameren Missouri to recover a throughput
19 disincentive.

20 Q. Does the Company propose to change any existing program budgets?
21

1 A. At this time, the proposal is to keep the \$700,000 annual portfolio funding level approved
2 in the most recent rate case¹. Of that funding, \$263,000 is currently approved annually for the
3 Company's Low-Income Weatherization Assistance Program("LIWAP"). Ameren Missouri
4 proposes to earmark \$25,000 of the LIWAP funds for a new proposed program.

5 Q. Has Ameren Missouri proposed any new energy efficiency programs?

6 A Ameren Missouri proposed two new programs, the Low-Income Energy Efficiency
7 Program ("LIEEP") and the Red-Tag Repair Program.

8 **Low-Income Energy Efficiency Program**

9 Q. Will you provide a brief overview of the Low-Income Energy Efficiency Program?

10 A. LIEEP targets multi-family and single-family properties. The Company intends to
11 partner with Ameren Missouri Electric low-income energy efficiency co-delivered programs
12 where Ameren Missouri service territory's overlap for electric and natural gas. If the customer is
13 enrolled in the electric energy efficiency program they are automatically eligible for the natural
14 gas energy efficiency program as the criteria for both are the same. The participants of LIEEP
15 will not be required to be enrolled in Ameren Missouri's electric energy efficiency program in
16 order to participate in the LIEEP, however they must meet at least one the of the following
17 requirements :

- 18 1. Reside in federal, state, or local subsidized housing and fall within that
19 program's income guidelines.
- 20 2. Reside in non-subsidized housing with proof of income levels at or below
21 80% of the area median income ("AMI").
22

¹ GR-2010-0363, "In the Matter of Union Electric Company (d/b/a AmerenUE) for Authority to File Tariffs Increasing Rates for Natural Gas Service Provided to Customers in the Company's Missouri Service Area", Unanimous Stipulation & Agreement, Paragraph 6. Energy Efficiency Programs, page 3.

1 3. Fall within a census tract that indicates at least 85% of customers are at or
2 below 80% of AMI.
3

4 Q. What is the proposed budget for the LIEEP?

5 A. The Company is proposing a budget of \$799,594, over a three year period, which is
6 comprised of unspent program funds allocated to the natural gas energy efficiency plan approved
7 in Case No. GR-2010-0363. These funds were placed into a regulatory liability account.

8 Q. Does Staff agree with the Company proposal of how to fund the LIEEP?

9 A. No, Staff has a few concerns with the proposal. Staff's concerns are:

- 10 1. Utilization of EEP approved program funds on a less cost-effective program;
11 2. No proposal of continuation of LIEEP after initial three years; and
12 3. Potential of additional unspent funds in regulatory liability account.

13 Q. How does Staff recommend the unspent funds be spent?

14 A. Staff recommends the unspent funds only be spent on those programs which have been
15 previously approved.² Low-income programs generally cost more to implement than other
16 programs due to the need to increase incentives for participation. In many cases, the customer
17 may not pay any of the incremental cost to install an energy efficiency measure. This increase in
18 cost means that the unspent funds that were collected to install energy efficiency measures could
19 ultimately result in less energy savings.

20 Q. Does Staff oppose the LIEEP?

21 A. Staff does not oppose the LIEEP, but does think its inappropriate to utilize funds
22 previously approved for the existing programs which should be more cost effective. If

² Residential, Business, Low-income weatherization assistance program

1 Ameren Missouri would like to implement a LIEEP, it would be more appropriate to propose that
2 a portion of the \$700,000 collected in base rates subsequent to this rate case be allocated to LIEEP.

3 **Red-Tag Repair Program**

4 Q. Will you provide a brief overview of the Red-Tag Repair Program?

5 A. The Red-Tag Repair Program is designed to help low-income customers, with an income
6 at or below 80% of the AMI, retain natural gas service in the event unexpected repairs are needed,
7 (i.e. an unsafe appliance or piping that requires service be disconnected or “red-tagged”) until
8 repairs are completed.

9 There are two components of the program: (1) funding to allow a third party to make repairs
10 to equipment and/or piping, and (2) permission for an Ameren Missouri utility worker/contractor
11 to use a limited amount of time and resources to make minor repairs.

12 For the equipment and/or piping repairs, the repairs are capped at \$1,000 per customer,
13 with no more than \$700 going toward permanent space heating equipment repairs and no more
14 than \$450 toward other gas appliance or piping. The minor repair restrictions are considered to
15 cost \$20 or less and take the Ameren Missouri utility worker no more than 15 minutes to perform
16 the repair.

17 The Company proposes to repurpose \$25,000 annually of the low-income weatherization
18 assistance program budget to fund this program.

19 Q. Does Staff agree with the Company repurposing low-income weatherization assistance
20 funds for the program?

1 A. No, Staff does not. Averaged over the past five years, the Company has spent 90 percent of
2 its LIWAP annual program budgets.³ If the \$25,000 is approved to be reallocated to the Red-Tag
3 Repair program, Staff is concerned there is potential the LIWAP may run out of funds each
4 program year. This could result in program-approved customers remaining on the waitlist.

5 Q. Do other providers in the state offer a similar red-tag program.

6 A. Yes, currently the program is offered by Spire MO East, Spire MO West⁴ and
7 Liberty Utilities.⁵

8 Q. Is Ameren Missouri's Red-Tag Repair program the same as Spire's and Liberty's?

9 A. Yes, Ameren Missouri and Liberty Utilities both structured the program and tariff based off
10 of Spire's program tariff.

11 **Energy Efficiency Plan**

12 Q. Does Staff recommend approval of the EEP as Ameren Missouri has proposed?

13 A. No. Staff recommends:

14 1 the total EEP budget be set at \$700,000⁶ annually provided that the \$700,000 budget
15 levels may be exceeded by up to 20% provided that all unspent funds have been
16 expended, but in no instance may the budget exceed the 20% buffer without
17 Commission approval;

18
19 2. the existing unspent funds⁷ from the regulatory liability account should only fund
20 those programs previously approved;⁸
21

³ Direct Testimony Sharlet E. Kroll, Table 1. Company IEWAP statistics for 2007-2019, page 10.

⁴ GR-2017-0215 "In the Matter of Laclede Gas Company's Request to Increase Its Revenue for Gas Service"
YG-2018-0117, Sheet No. R-29.

GR-2017-0216 "In the Matter of Laclede Gas Company's Request to Increase Its Revenue for Gas Service"
YG-2018-0118, Tariff Sheet No. R-29.

⁵ GR-2018-0013 "In the Matter of Liberty Utilities (Midstates Natural Gas) Corp. d/b/a Liberty Utilities' Tariff
Revisions Designed To Implement a General Rate Increase For Natural Gas Service in the Missouri Service Areas
of the Company". JG-2019-0046, Tariff Sheet No. 68.

⁶ This annual budget does not include any allocation of the \$799,594 of unspent funds in the regulatory asset account.

⁷ Currently \$799,564

⁸ Residential, Business, Low-income weatherization assistance program

1 3. the Commission require Ameren Missouri to request Commission approval for any
2 proposed new programs;

3
4 4. low-income weatherization assistance program should remain at the current funding
5 level of \$263,000.

6
7 Q. Does Staff recommend extending the EEP to transportation service customers?

8 A. No. The transportation customers purchase their own natural gas and are only allowed to
9 transport natural gas when there is excess capacity on Ameren Missouri's pipelines. Thus, there
10 are no savings to non-transportation service customers due to reduced purchased gas savings or in
11 additional pipeline capacity. It is unclear what, if any, benefits exist for Ameren Missouri's non-
12 transportation service customers from this proposal.

13 Q. Does Staff recommend Ameren Missouri's proposed addition of a custom measure for
14 the non-transportation business customers?

15 A. Due to the lack of required retrospective evaluation, measurement, and verification, Staff
16 does not recommend approval of custom measures.

17 Q. Do you agree that a Statewide TRM should be approved in this case?

18 A. No. Staff does not agree with the request for approval of a Statewide Natural Gas TRM
19 taking place within a rate case. This is not the appropriate venue for Commission consideration
20 of a TRM that would be applicable to other utilities. If one assumes that the TRM becomes an
21 Ameren Missouri only TRM since it is filed in Ameren Missouri's rate case, Staff has concerns
22 with the assumptions surrounding the savings and the avoided cost estimates included in Ameren
23 Missouri's proposed TRM. The values in this case were compared with the savings values
24 provided by Ameren Missouri in Case No. GT-2011-0410, and shown in Table 1 below.

25

Table 1: Comparison of the Same or Similar Measures Between
Case Nos. GR-2019-0077 and GT-2011-0410

Boilers 90% AFUE	TRC	CCF Savings per Year	Measure Life	Incremental Cost	Net-to- Gross	Baseline Unit Comparison
GR-2019-0077	6.83	433.6	27	\$ 884	1.00	85%
GT-2011-0410	1.16	140	15	\$ 1,100	0.85	80%
Furnace 96% AFUE	TRC	CCF Savings per Year	Measure Life	Incremental Cost	Net-to- Gross	Baseline Unit Comparison
GR-2019-0077	4.93	369.1	19	\$ 821	1.00	80% AFUE
GT-2011-0410	1.30	150.0	15	\$ 1,050	0.60	80% AFUE
Furnace	TRC	CCF Savings per Year	Measure Life	Incremental Cost	Net-to- Gross	Baseline Unit Comparison
GR-2019-0077 (94.8% AFUE)	5.74	329.3	19	\$ 628	1.00	80% AFUE
GT-2011-0410 (95% AFUE)	1.50	148.9	15	\$ 958	0.60	80% AFUE
Programable Thermostat	TRC	CCF Savings per Year	Measure Life	Incremental Cost	Net-to- Gross	Baseline Unit Comparison
GR-2019-0077	2.41	26.5	10	\$ 70	1.00	Assumed Reduction
GT-2011-0410	3.74	43.9	9	\$ 73	0.87	No Setback
Ceiling Insullation (no audit)	TRC	CCF Savings per Year	Measure Life	Incremental Cost	Net-to- Gross	Baseline Unit Comparison
GR-2019-0077 (R-48)	2.44	99.7	25	\$ 543	1.00	R-12.7
GT-2011-0410 (R-30)	0.52	46.5	20	\$ 990	1.00	R-11
Ceiling Insullation	TRC	CCF Savings per Year	Measure Life	Incremental Cost	Net-to- Gross	Baseline Unit Comparison
GR-2019-0077 (R-50, audit)	1.25	65	25	\$ 693	1.00	R-16.3
GT-2011-0410 (R-30)	0.64	34.1	20	\$ 594	1.00	R-19
GT-2011-0410 (R-50)	0.11	6	20	\$ 594	1.00	R-38

As can be seen, there are large differences between the savings estimates provided in the two cases even for measures that have similar efficiency ratings in both the efficient and base models. Additionally, the TRCs⁹ in Case No. GR-2019-0077 are going up despite natural gas prices having fallen from approximately \$5 to \$3. Ameren Missouri provided workpapers in both cases

⁹ Total Resource Cost Test – a test that compares the sum of avoided-utility costs, including avoided probable environmental costs to the sum of all incremental costs of end-use measures that are implemented due to the program (including both utility and participant contributions), plus utility costs to administer, deliver, and evaluate each demandside program and costs of statewide TRM or TRM and statewide TRM

1 | justifying their estimates, but significantly changed methods between the two cases. Staff is
2 | continuing its investigation of these discrepancies, but cannot recommend the approval of
3 | Ameren Missouri's TRM at this time.

4 | Q. Does this conclude your testimony?

5 | A. Yes.

BEFORE THE PUBLIC SERVICE COMMISSION

OF THE STATE OF MISSOURI

In the Matter of Union Electric Company)
d/b/a Ameren Missouri's Tariffs to Increase)
its Revenues for Natural Gas Service) Case No. GR-2019-0077

AFFIDAVIT OF KORY J. BOUSTEAD

STATE OF MISSOURI)
)
COUNTY OF COLE) ss.

COMES NOW KORY J. BOUSTEAD 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.



KORY J. BOUSTEAD

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 5th day of June 2019.

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