BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

In the Matter of Laclede Gas Company's Request to Increase its Revenues for Gas Service	))	File No. GR-2017-0215 Tariff No. YG-2017-0195
In the Matter of Laclede Gas Company d/b/a Missouri Gas Energy's Request to Increase its Revenues for Gas Service	)))	File No. GR-2017-0216 Tariff No. YG-2017-0196

STATEMENTS OF POSITION OF
THE NATIONAL HOUSING TRUST

COMES NOW the National Housing Trust ("NHT"), pursuant to 4 CSR 240-2.140(5) and the Commission's November 28, 2017 *Order Granting Extension of Time*, and for its *Statements of Position* in the above-captioned cases states as follows.

IV. Rate Design/Class Cost of Service

a. Rate Design

i. *Should a Revenue Stabilization Mechanism or other rate adjustment mechanism be implemented for the Residential and SGS classes for MGE and LAC? If so, how should it be designed and should an adjustment cap be applied to such a mechanism?*

NHT strongly supports the implementation of a Revenue Stabilization Mechanism for the Residential and SGS classes for both MGE and LAC, provided that both the Companies pair such mechanisms with robust investments in energy efficiency, especially for programs targeted to their low-income and multifamily customers. As stated in NHT witness Annika Brink's Direct Testimony on Rate Design, revenue decoupling can remove disincentives for utilities to properly treat energy efficiency as an essential resource for addressing customer demand while avoiding new supply and lowering the energy burden on customers, including both low-income single family and low-income multifamily buildings. While revenue decoupling can take many forms, the key focus should be on aligning incentives so that both utilities and customers can benefit from pursuing energy efficiency as a key system-wide resource.

ii. *Reflective of the answer to part i, what should the Residential customer charge be for LAC and MGE, and what should the transition rates be set at until October 1, 2018?*

NHT supports the proposed decreases in the residential fixed charges from $19.50 to $17.00 for Laclede and from $23.00 to $20.00 for MGE. These lowered customer charges would make it easier for customers to impact their total bills through installing measures that save energy in their homes (though many barriers remain for low-income renters, as discussed in NHT witness Annika Brink's Direct Testimony on Revenue Requirement). In Annika Brink's Direct Testimony on Rate Design, she further explains NHT's support for lowered customer charges as necessary complements to energy efficiency programs targeted to low-income multifamily customers. NHT would support further lowering of the residential customer charges for both the Companies.

XV. Customer Programs

a. Energy Efficiency

i. *What is the goal of the MGE's and LAC's energy efficiency programs? (OPC Issue Only)*

The Laclede and MGE energy efficiency programs should seek to procure all cost-effective energy savings, as measured by their benefit to society, that is, that pass the Societal

Cost Test. As a low-cost resource, energy efficiency can drastically reduce energy costs for participating customers, as well as for all customers by avoiding or deferring infrastructure investments.

In addition, both companies should strive toward the more specific goal of reducing energy burdens on low-income renters, a population traditionally excluded from the benefits of energy efficiency programs. NHT believes there is a unique opportunity for Laclede and MGE to partner with electric utilities (Ameren Missouri and KCP&L) in increasing access to efficiency incentives for building owners and tenants of low-income affordable housing.

ii. *Are the goals for LAC's and MGE's low-income programs different from other utilities' energy efficiency programs? If so, what is the goal for LAC's and MGE's low-income programs? (OPC Issue Only)*

NHT agrees with the approach taken by electric utilities in not holding Low-Income Multifamily programs to the same cost-effectiveness standards, and believes the same approach should be taken by Laclede and MGE. There are multiple non-energy benefits of low-income energy efficiency that are not fully captured by cost-effectiveness tests, and which justify a much higher investment in low-income energy efficiency. In addition, other societal concerns should be taken into account, such as improving affordability and ability to pay for customers in low-income affordable housing. While cost-effectiveness should be used to inform the savings potential and program targets for Low-Income Multifamily programs, cost-effectiveness should not act as a barrier to participation in these programs.

iii. *Should LAC and MGE suspend funding of their energy efficiency programs pending the results of cost efficiency studies?*

NHT does not support the suspension of funding for energy efficiency programs, and particularly opposes suspension of funding for low-income energy efficiency programs, such as the Companies' Low-Income Multifamily programs. Most parties agree that low-income energy efficiency programs should generally not be held to the same cost-effectiveness requirements, so waiting for cost efficiency studies is a poor reason to suspend low-income programs. In addition, NHT witness Annika Brink's Direct Testimony on Revenue Requirement makes reference to a potential study that found the potential to save 17% to 24% cumulatively across Laclede and MGE territories in 2034 through gas energy efficiency programs between 2015-2034.[1]

iv. *Should LAC's and MGE's energy efficiency targets or program funding levels be modified? If so, how?*

NHT generally supports expanded energy efficiency program funding up to a level that is likely to achieve all cost-effective energy savings.

Specifically, NHT supports expanded funding for Laclede and MGE's Low-Income Multifamily programs. NHT witness Annika Brink's Direct Testimony on Revenue Requirement, proposes that between $1.29 million and $2.31 million be spent annually across both Laclede and MGE's Low-Income Multifamily programs. This range was derived from the cost-effective potential identified in a 2015 potential study referenced in testimony. At a minimum, NHT believes that the Companies should have a total approved budget of $1 million

[1] Direct Testimony of Annika Brink, NHT, pg. 7-8. (Referencing potential study by P. Mosenthal and M. Socks, "Potential for Energy Savings in Affordable Multifamily Housing", Optimal Energy for NRDC, 2015. http://www.energyefficiencyforall.org/sites/default/files/EEFA%20Potential%20Study.pdf)

for their Low-Income Multifamily programs for calendar year 2018, after which the Energy Efficiency Collaborative may recommend to expand or contract the budget.

v. *What, if any, Commission approval should be required to change targets or program funding levels. If any, when should such approval be required?*

NHT supports the concept of allowing the Companies or any other party to this case to propose changes to energy efficiency program targets or funding levels outside of the context of a general rate case, upon a formal request to the Commission.

vi. In addition to the amortization of the deferred balance, should a level of energy efficiency costs be included in base rates?

NHT takes no position on this issue at this time, but reserves the right to take a position following the hearing.

vii. *Shall measures installed pursuant to the Low-Income Multifamily programs receive a bonus incentive? If so, at what levels?*

NHT strongly supports the use of a bonus incentive for all measures installed pursuant to Laclede and MGE's Low-Income Multifamily programs, particularly for tenant-paid utilities where the investment must be made by the building owner. A bonus incentive framework would mirror the framework employed for the Income-Eligible Multifamily programs approved and currently being offered by Ameren Missouri (File No. EO-2015-0055), Kansas City Power & Light Company (File No. EO-2015-0240) and KCP&L-Greater Missouri Operations Company (File No. EO-2015-0241). Bonus incentives should be employed as part of Laclede and MGE's

Low-Income Multifamily programs in order to provide the necessary inducement for energy efficiency investment across common areas, tenant units, envelope, and building systems. Without higher incentive levels, NHT is not confident that the Companies' programs will be able to move beyond piecemeal retrofits to induce meaningful, whole-building investments.

On pg. 19 of NHT witness Annika Brink's Direct Testimony on Revenue Requirement, she proposed two separate bonus incentive levels for various measures (water heaters, furnaces, boilers). One proposed level would set the incentive to cover 30% of the total cost of the measure; the other proposed level would triple the current incentive level for those measures. At a minimum, NHT believes that a bonus incentive of 100% – or double the current incentive – is necessary in order to move participants toward more comprehensive projects.

viii. *Should LAC and MGE meet the Commission's promotional practices rules regarding tariff filings for energy efficiency programs?*

NHT takes no position on this issue at this time, but reserves the right to take a position following the hearing.

ix. *Should the LAC and MGE EECs become advisory?*

At a minimum, NHT believes that the EEC should have the ability to make recommendations to the Commission. NHT believes that such a collaborative promotes greater accountability and cooperation and leads parties to seek common ground on certain issues in a constructive, deliberative environment rather than through costly litigation before the Commission.

* * *

For all other issues not addressed above, NHT takes no position on this issue at this time, but reserves the right to take a position following the hearing.

Respectfully Submitted,

/s/ Andrew J. Linhares
Andrew J. Linhares, MO Bar ID # 63973
409 Vandiver Dr, Building 5, Suite 205
Columbia, MO 65202
(314) 471-9973 (T)
(573) 303-5633 (F)
Andrew@renewmo.org

ATTORNEY FOR THE NATIONAL
HOUSING TRUST

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing document was mailed, faxed, or emailed to all counsel of record on this 30th day of November, 2017.

/s/ Andrew J. Linhares
Andrew J. Linhares