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Weatherization
Witness: Kory Boustead
Sponsoring Party: MO PSC Staff
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MISSOURI PUBLIC SERVICE COMMISSION

REGULATORY REVIEW DIVISION
Tariff, Safety, Economic & Engineering Analysis

REBUTTAL TESTIMONY

OF

KORY BOUSTEAD

SUMMIT NATURAL GAS OF MISSOURI, INC.

CASE NO. GR-2014-0086

Jefferson City, Missouri
July 2014

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

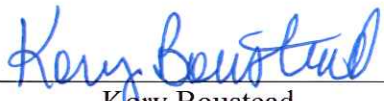
In the Matter of Summit Natural Gas of)
Missouri, Inc.'s Filing of Revised Tariffs)
To Increase its Annual Revenues For)
Natural Gas Service)

File No. GR-2014-0086

AFFIDAVIT OF KORY BOUSTEAD

STATE OF MISSOURI)
) ss
COUNTY OF COLE)

Kory Boustead, of lawful age, on her oath states: that she has participated in the preparation of the following Rebuttal Testimony in question and answer form, consisting of 5 pages of Rebuttal Testimony to be presented in the above case, that the answers in the following Rebuttal Testimony were given by her; that she has knowledge of the matters set forth in such answers; and that such matters are true to the best of her knowledge and belief.



Kory Boustead

Subscribed and sworn to before me this 10th day of July, 2014.

LAURA BLOCH
Notary Public - Notary Seal
State of Missouri
Commissioned for Cole County
My Commission Expires: June 21, 2015
Commission Number: 11203914



Notary Public

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1 **REBUTTAL TESTIMONY**

2 **OF**

3 **KORY BOUSTEAD**

4 **SUMMIT NATURAL GAS OF MISSOURI, INC.**

5 **CASE NO. GR-2014-0086**

6 Q. Are you the same Kory Boustead who filed in Staff's Cost of Service report?

7 A. Yes I am.

8 **EXECUTIVE SUMMARY**

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

10 A. My Rebuttal Testimony will address 1) The issue of Residential Natural Gas
11 Efficiency Incentive Program contained in the Direct Testimony of witness Martha Wankum,
12 Summit Natural Gas Company; and 2) The issue of Energy Efficiency and Low-Income
13 Weatherization Programs funding contained in the Direct Testimony of witness John
14 Buchanan, Department of Economic Development, Division of Energy.

15 **RESIDENTIAL NATURAL GAS ENERGY EFFICIENCY INCENTIVE**
16 **PROGRAM**

17 Q. Please explain the natural gas energy efficiency incentive program proposed by
18 Summit Natural Gas of Missouri, Inc. ("SNG").

19 A. SNG witness Martha Wankum "requests approval to offer cost-effective
20 energy efficiency rebates to new and current residential customer who purchase high
21 efficiency furnaces and/or programmable thermostats. The associated tariff sheet filed by
22 SNG is Sheet No. 89, P.S.C. MO No 3. The program would have an annual budget cap of

1 \$15,000. The proposed program would offer customers the availability of two energy
2 efficiency rebates as summarized below”

3 Table 2: Residential Natural Gas Energy Efficiency Incentive Program

4

Measure	Rebate Amount
Furnace (AFUE 95%)	\$300
Programmable Thermostat	\$25

5
6

7 (Direct Testimony, Martha Wankum, January 2, 2014, page 16, line 3-9).

8 Q. Are the proposed energy efficiency measures cost-effective?

9 A. “Yes, the proposed measures are cost-effective. Both proposed measures
10 passed benefit cost tests with a score greater than one (1), including both the Total Resource
11 Cost Test (“TRC”) and the Utility Cost Test (“UCT”) as shown below”.

12 Table 3: Benefit/Cost Tests (Low Growth)

13

Measure	Measure Level TRC	TRC+ Admin	UCT
Furnace	1.29	1.04	1.62
Thermostat	1.69	1.3	1.69

14
15

16 (Direct Testimony, Martha Wankum, page 17, lines 21-24 and page 18, lines 1-5).

17 Q. Does Staff recommend the proposed energy efficiency program?

18 A. No, while Staff agrees SNG should have another energy efficiency incentive
19 program, as the Company did when it was Southern Missouri Natural Gas (“SMNG”), it
20 should have a higher annual amount allocated to the program than the \$15,000 annual budget
21 cap proposed by SNG. The Experimental Water Heater and Furnace Rebate Program through
22 SMNG became effective in December 2005 with an annual estimated cost of \$10,000-
23 \$15,000 and anticipated annual participants of 100-150. In May 2006 the programs estimated

1 annual cost increased to \$10,000-\$20,000 with the number of anticipated annual participants
2 remaining at 100-150. Then in January 2011 the estimated cost of the program was increased
3 to \$20,000-\$40,000 annually and anticipated annual participants increased to 200-300. The
4 rebates were processed in house and given as a credit on the SMNG customer's bill.

5 Staff would like the Commission to authorize a natural gas energy efficiency program
6 and a low-income weatherization assistance program that will be ratepayer funded through a
7 regulatory asset account. The cost booked to these accounts will be analyzed in the next rate
8 case for prudence. The potential components of the energy efficiency program would include
9 energy efficiency education, rebates on energy efficient gas appliances that are cost effective
10 and have a TRC of one (1) or more, and rebates and /or low-interest financing for building
11 shell improvements. In my direct testimony I recommended the Commission authorize an
12 Energy Efficiency Advisory Group ("EEAG") to oversee the design, implementation and
13 evaluation of the energy efficiency and low-income customer weatherization programs.

14 Q. Who will administer the funds for the low-income customer weatherization
15 program?

16 A. The funds for the low-income customer weatherization program would be
17 administered by the Department of Economic Development, Division of Energy ("DE") in
18 conjunction with the federal and state funds they administer for the weatherization of homes
19 of low-income Missouri families. On average, the cost to weatherize a home in Missouri is
20 \$7,000. The DE low-income weatherization has demonstrated an ability to effectively
21 weatherize homes of low-income families in Missouri, and the Commission has been
22 authorizing ratepayer-funded low-income customer weatherization for 20 years. Natural gas
23 energy efficiency programs at other Missouri jurisdictional utilities have been in place several

1 years and have been effective in promoting the utilization of higher efficiency gas appliances
2 and building shell improvements.

3 **RECOMMENDED LEVEL OF FUNDING FOR ENERGY EFFICIENCY**
4 **PROGRAMS AND LOW INCOME WEATHERIZATION PROGRAM**

5 Q. Does Staff agree with the level of funding proposed in the direct testimony of
6 John Buchanan, Department of Economic Development, Division of Energy?

7 A. No, while we agree funding should be based on annual revenues, we do not
8 agree to the direct testimony of witness John Buchanan with Department of Economic
9 Development, Division of Energy that “Low Income Weatherization Assistance funding
10 should be in addition to the 0.5 percent target funding level for energy efficiency.” (Direct
11 Testimony of John Buchanan, Department of Economic Development, Division of Energy,
12 page 13, lines 9-11.) Staff proposes the goal of 0.5 percent of annual revenues as the target
13 level for both energy efficiency and Low-Income Weatherization assistance program as has
14 been calculated for other company programs in the past. A ramp-up period of three (3) years
15 is appropriate to allow SNG to form the EEAG, develop cost-effective programs, submit
16 tariffs for approval and allow time to advertise the measures in the natural gas energy
17 efficiency programs. At the end of the three (3) year period SNG should reach the goal of 0.5
18 percent of annual revenues for Low-Income Weatherization assistance program and energy
19 efficiency initiatives.

20 Q. What is Staff’s recommendation for the Energy Efficiency rebate program and
21 level of funding for the energy efficiency programs and low income weatherization program?

22 A. Staff recommends the Commission:

- 23 1. Authorize a natural gas energy efficiency program and a low-income
24 weatherization program that will be ratepayer funded through a regulatory asset

1 account with a target goal of 0.5 percent of annual revenues to be reached within three
2 (3) years.

3 2. Authorize an Energy Efficiency Advisory Group to oversee the design,
4 implementation and evaluation of the energy efficiency and low-income
5 weatherization programs.

6 Q. Does this conclude your rebuttal testimony?

7 A. Yes, it does.