

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.

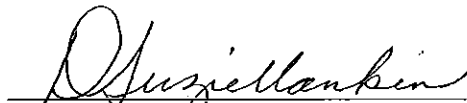
Further the Affiant sayeth not.


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