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Efficiency Programs
Witness: Theodore B. Reinhart, P.E.
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Case No.: GR-2010-

LACLEDE GAS COMPANY

GR-2010-

DIRECT TESTIMONY

OF

THEODORE B. REINHART, P.E.

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1 **DIRECT TESTIMONY OF THEODORE B. REINHART**

2 Q. Please state your name and address?

3 A. My name is Theodore B. Reinhart and my business address is 720 Olive Street,
4 St. Louis, Missouri 63101.

5 Q. What is your present position?

6 A. I am Director of Utility Market Analysis and Development at Laclede Gas
7 Company ("Laclede" or "Company").

8 Q. Please state how long you have held your present position, and briefly describe
9 your responsibilities.

10 A. I was promoted to my present position in January 2008. In this position I am
11 responsible for the Utilization Engineering Department and the Director of
12 Market Planning. These individuals perform technical analysis and projects for
13 customers, trade allies, and company personnel relating to customer appliances
14 and equipment and the codes, standards, regulations, and legislation that govern
15 their manufacture and use. I also represent Laclede on its Energy Efficiency
16 Collaborative ("EEC") and implementing and administering Laclede's
17 conservation and energy efficiency programs.

18 Q. Please describe your experience with Laclede.

19 A. I joined Laclede in August 1985 as a Project Engineer in the Sales Engineering
20 Department and was promoted to Engineering Supervisor in November 1993.
21 The department was renamed Utilization Engineering in 1994 and I was promoted
22 to manager of the department in January 1996. In January 2006 I was promoted
23 to the manager of Utilization Engineering and Special Projects.

1 Q. What is your educational background?

2 A. I graduated from Rice University in May 1978, with the degree of Bachelor of
3 Arts, majoring in physics. I received a Master of Science degree in Mechanical
4 and Aerospace Engineering in May 1984 from the University of Missouri -
5 Columbia. I am a licensed professional engineer in the states of Illinois and
6 Missouri.

7 Q. Have you previously submitted testimony before regulatory bodies?

8 A. Yes. I submitted pre-filed testimony in GR-2007-0208, and also testified in
9 GC-2008-0053.

10 **PURPOSE OF TESTIMONY**

11 Q. What is the purpose of your testimony in this proceeding?

12 A. My testimony will describe the progress Laclede and the EEC are making in
13 designing and implementing conservation and energy efficiency programs to
14 cost-effectively encourage and assist its customers to use less natural gas.

15 **ENERGY EFFICIENCY COLLABORATIVE**

16 Q. Please describe the Energy Efficiency Collaborative.

17 A. The Energy Efficiency Collaborative arose out of the settlement of Laclede's
18 2007 rate case, to identify a portfolio of cost effective conservation and energy
19 efficiency programs for Laclede to offer its customers. EEC charter members
20 include Laclede, the Missouri Department of Natural Resources ("DNR"), Staff,
21 and Public Counsel. Other members include USW Local 11-6, AmerenUE, as
22 well as other appropriate parties that are acceptable to the EEC charter members.

23 Q. What process did the EEC follow to identify a portfolio of programs?

1 A. The EEC held an organizational meeting in September 2007 in Jefferson City.
2 Members reviewed Laclede's existing conservation and energy efficiency
3 programs and AmerenUE's experience with its portfolio design. The EEC also
4 discussed plans for selecting a consultant to assist with Laclede's portfolio design.
5 Following this meeting the EEC members corresponded by telephone and email
6 to develop a Request for Proposals ("RFP") to provide consulting services to the
7 EEC. Laclede issued the RFP in November 2007, with responses due in January
8 2008. Four proposals were received, from which the EEC interviewed three
9 firms, before selecting Applied Energy Group, Inc. ("AEG") to assist with
10 portfolio design at the end of January 2008. Following contract negotiations with
11 AEG, the EEC held three one-day workshops in St. Louis in March, April, and
12 June 2008 to agree on program selections and budgets. During the Summer of
13 2008 the EEC worked with AEG to produce a report on conservation and energy
14 efficiency programs, which was completed in September 2008. From this report,
15 the EEC settled on a portfolio of programs and determined to launch the first two
16 programs, the Residential High Efficiency Rebate Program ("Residential Rebate
17 Program") and the Commercial/Industrial Rebate Program ("C/I Rebate
18 Program"). The EEC proceeded to agree on administrators for these programs,
19 and developed tariff wording to implement the programs.

20 Q. What does the EEC do now that the portfolio has been selected?

21 A. The EEC holds conference calls on a monthly or bimonthly basis to review and
22 discuss status reports regarding the progress and performance of Laclede's
23 planned programs, discuss program design changes, and review draft tariff

1 wording for implementing or modifying programs. Between conference calls,
2 EEC members share information on other utilities' conservation and energy
3 efficiency programs which may be applicable to Laclede's portfolio.

4 **CONSERVATION AND ENERGY EFFICIENCY PROGRAMS**

5 Q. What programs have been implemented in Laclede's tariff as a result of EEC
6 planning?

7 A. On November 20, 2008 the Commission approved new tariff sheets submitted by
8 Laclede, effective November 28, 2008, replacing the Appliance and HVAC
9 Rebate program with the two new rebate programs, the Residential Rebate and
10 C/I Rebate Programs. On March 30, 2009, new tariff sheets submitted by Laclede
11 became effective by operation of law, which implemented the Building Operator
12 Certification ("BOC") program. On June 13, 2009, new tariff sheets submitted by
13 Laclede became effective which removed the limit on C/I rebates during the final
14 three months of each program year.

15 Q. What programs have the EEC left in place?

16 A. Laclede's Insulation Financing, EnergyWise Dealer, and Weatherization
17 programs all remain in place. These three programs respectively provide
18 financing of insulation, financing of high efficiency heating and cooling systems,
19 and weatherization by community action agencies of the homes of low-income
20 customers. The EEC determined that all three of these programs continue to
21 benefit customers.

22 Q. What market transformation, educational, and informational efforts have been
23 implemented?

1 A. Although funded by Laclede rather than the EEC, Laclede's Customer
2 Connection website provides customers with direct access to monthly and daily
3 gas usage and heating degree day information, along with a bill comparison tool
4 that helps customers understand the factors that affect their gas usage. Laclede
5 also emails a monthly newsletter, "Energy Matters," to commercial and industrial
6 customers, which includes articles highlighting the C/I Rebate and BOC
7 Programs, and featuring the first major rebate to a C/I customer. The newsletter
8 links to a website that includes a library of information on energy and energy
9 efficiency, and an ask-the-expert feature that allows customers to ask specific
10 questions and receive a response within 48 hours. Laclede's Marketing
11 Department has met with contractors and customer groups to promote the
12 Residential and C/I Rebate Programs. In addition, the EEC has fully funded the
13 development, maintenance, and marketing of an online heating and cooling load
14 calculation tool for commercial buildings, increasing awareness among architects
15 and engineers of how low performance building envelopes and over-sized
16 mechanical systems decrease energy efficiency.

17 **STATUS OF EXISTING PROGRAMS**

18 Q. What is the status of the implemented programs?

19 A. The Residential Rebate Program has been very successful and the EEC has
20 decided to allow it to exceed its original budget. It has been promoted by
21 providing education about the program to residential heating and cooling
22 contractors who, in turn, use that information to encourage customers to choose
23 high efficiency heating equipment as replacements. The incentive provided by

1 the Residential Rebate Program, combined with the 30% federal tax credit for
2 energy efficiency expenditures on residential property, up to \$1,500 total in 2009
3 and 2010, has resulted in a significant number of customers choosing high
4 efficiency heating equipment. On the other hand, customers have not yet made
5 extensive use of the C/I Rebate Program. Between measures that have been
6 completed and those which have been pre-approved but not yet completed, the
7 program has reached only about one-fifth of the customer incentive and energy
8 reduction impact targets that were anticipated. The EEC and its consultant
9 believe that lower gas commodity prices and the economic downturn, as well as
10 significant incentives to pursue electric energy efficiency projects, have combined
11 to dampen participation in gas incentive programs. Laclede has responded by
12 doing more direct marketing to commercial contractors and customer groups and
13 by expanding its email newsletter. Meanwhile, Laclede's BOC program began its
14 first training series on December 1, 2009 with 25 students, the maximum class
15 size allowed. This classroom and onsite training series provides facility
16 operations personnel of commercial and industrial customers with skills that will
17 help them operate their buildings more efficiently. The BOC program is
18 administered in Missouri by DNR.

19 **STATUS OF FUTURE PROGRAMS**

20 Q. What programs in the EEC plan remain to be implemented?

21 A. The EEC portfolio plan included five additional programs that are in various
22 stages of implementation or are in the process of being changed.

23 Q. Please describe these programs and their current status.

1 A. Two planned programs were targeted toward low- and limited-income customers
2 that were not covered by Laclede's existing Weatherization Program. One
3 provided weatherization services for customers whose income exceeded the
4 federal maximum for eligibility under the Weatherization Program. The other
5 provided for zero percent financing for high efficiency heating systems for low-
6 and limited-income customers. Both of these programs were intended to be
7 implemented by community action agencies operating in Laclede's service area,
8 and discussions with these entities were to take place in early 2009 following the
9 rollout of the Residential and C/I Rebate Programs. However, passage of the
10 American Recovery and Reinvestment Act in February 2009 appropriated
11 extensive new funding, raised the income eligibility limits, and more than doubled
12 the amount which could be spent on each weatherized home. After gathering data
13 on how EEC funding might supplement this greatly expanded program, the EEC
14 decided that these two budget items would be better spent by jointly delivering
15 gas energy efficiency measures with AmerenUE's Multi-Family and Multi-
16 Family Income Qualified programs. Laclede is in discussions with AmerenUE
17 personnel and is awaiting a proposal from Steven Winter Associates, previously a
18 Lockheed Martin subcontractor implementing these programs for AmerenUE.

19 A third program is Home Performance with Energy Star ("HPwES"), a
20 whole house assessment and energy improvement program based on federal EPA
21 guidelines. This program will help customers obtain qualified energy audits,
22 including blower door testing, and direct them to Laclede's existing Insulation
23 and EnergyWise Financing Programs, Residential Rebate Program, and provide

1 for incentives to implement additional energy efficiency measures based on
2 additional savings. HPwES is most effective when both gas and electric savings
3 can receive incentives and the portfolio plan contemplated a program jointly
4 delivered by Laclede and AmerenUE. Laclede continues to discuss with
5 AmerenUE, its previous subcontractor EAM Associates, EarthWays (the
6 administrator of the Greater St. Louis HPwES program), and DNR on how to
7 move this program forward, and it is a regular agenda item during EEC
8 conference calls.

9 The fourth program is an educational component of the EEC portfolio
10 known as the Online Energy Information and Audit Program. Originally this was
11 planned to be an online application allowing customers served by both Laclede
12 and AmerenUE to gain access to daily meter readings and obtain a detailed
13 energy audit. However, the vendor of this proposed application informed the
14 EEC that this would not be possible. As a result, the EEC has decided that
15 Laclede should move ahead on its own by aggregating its daily reads with real
16 estate data to help residential customers better understand how they are using
17 energy compared to homes similar in age and size to their own. Laclede
18 performed a proof-of-concept exercise internally and is now working with a firm
19 that can perform the advanced analytics and access the real estate data needed to
20 produce the best results. The EEC has tentatively decided that it wants Laclede to
21 mail these individualized results to its customers to gain the widest access, and to
22 eventually make them available to customers who register for Laclede's Customer
23 Connection.

1 Q. What is the fifth program you referred to above?

2 A. The fifth portfolio program is termed Market Transformation and Education, and
3 was intended to provide funding for possible participation in an Energy Star for
4 New Homes program and to support educational opportunities such as the online
5 heating and cooling load calculation tool for commercial buildings. There are
6 also remaining funds in all program budgets that were targeted for advertising and
7 promotion of the programs. Laclede plans to use some of these funds for outdoor
8 advertising informing customers of the Residential and C/I Rebate Programs and
9 directing them to our website for more information.

10 **RECOMMENDATIONS**

11 Q. What are your recommendations for Laclede's conservation and energy efficiency
12 programs going forward?

13 A. Assuming continuation of appropriate rate design and cost recovery mechanisms,
14 Laclede believes that such programs should continue to be aggressively pursued
15 and refined. Laclede has seen a benefit from working with the EEC and
16 developing a broader selection of conservation and energy efficiency programs.
17 Laclede views the EEC as being in the early stages of a project that requires
18 development, implementation and evaluation of these programs, and recommends
19 continuing the present course, pending future process and impact evaluations.
20 The Residential Rebate Program has been very successful, and Laclede is
21 committed to increasing the impact of the C/I Rebate Program. Laclede is also
22 committed to pursuing the Home Performance with Energy Star, Multi-Family,
23 Multi-Family Income Qualified, and other programs that can be cost-effective for

1 our customers. To that end, joint delivery of appropriate programs with our
2 customer's electric service providers will likely improve the cost-effectiveness of
3 conservation and energy efficiency programs.

4 Q. What about educational programs?

5 A. Direct benefit programs specifically help participating customers, although they
6 also support the small, but growing energy efficiency industry, and raise
7 awareness of conservation and energy efficiency even for those customers that do
8 not participate. In its first year, the very successful Residential Rebate Program
9 reached about 2,500 customers, less than one-half of one percent of Laclede's
10 customer base. On the other hand, educational programs play an important role in
11 providing benefits on a more widespread basis. Education on these subjects can
12 be used by a large majority of our customers who are, after all, paying for these
13 programs, and may be the best opportunity for these customers to learn how to
14 control their energy use. Laclede recommends that educational and awareness
15 programs continue to be a significant portion of our conservation and energy
16 efficiency budget.

17 Q. Now that gas prices have declined from their historically high levels, has funding
18 conservation and energy efficiency programs become less important?

19 A. In just the past two years, we have seen great volatility in gas prices. Although
20 these prices are currently at comparatively modest levels for this decade, we
21 cannot afford to relax in the belief that this lull is permanent. Keeping our foot on
22 the pedal of conservation and energy efficiency will help our customers be better
23 prepared for the next storm, if and when it occurs.

1 Q. Does this conclude your testimony?

2 A. Yes, it does.

In the Matter of Laclede Gas Company's)
Tariff to Revise Natural Gas Rate Schedules) Case No. GR-2010-_____

STATE OF MISSOURI)
) SS.
CITY OF ST. LOUIS)

1. My name is Theodore B. Reinhart. My business address is 720 Olive Street, St. Louis, Missouri 63101; and I am Director-Utility Market Analysis and Development of Laclede Gas Company.

3. I hereby swear and affirm that my answers contained in the attached testimony to the questions therein propounded are true and correct to the best of my knowledge and belief.

Subscribed and sworn to before me this 3rd day of December, 2009.

Karen A. Zurliene
Notary Public

KAREN A. ZURLIENE
Notary Public - Notary Seal
STATE OF MISSOURI
St. Louis City
My Commission Expires: Feb. 18, 2012
Commission # 03382873