Exhibit No.:	
Issues:	Kansas City Power & Light and KCP&L-Greater Missouri Operations' Income-Eligible Multifamily Program Offerings
Witness:	Annika Brink
Sponsoring Party:	National Housing Trust
Type of Exhibit:	Rebuttal Testimony
File No.:	EO-2019-0132 EO-2019-0133
Date Testimony Prepared:	January 28, 2019

MISSOURI PUBLIC SERVICE COMMISSION

FILE NO. EO-2019-0132

REBUTTAL TESTIMONY

OF

ANNIKA BRINK

ON

BEHALF OF

NATIONAL HOUSING TRUST

January 28, 2019

**** Indicates CONFIDENTIAL ****

Q. Please state your name and business address.

A. Annika Brink, National Housing Trust, 1101 30th Street NW, Suite 100A, Washington, DC 20007.

Q. On whose behalf are you testifying?

A. I am testifying on behalf of the National Housing Trust (NHT). All work developing my testimony has been completed by me or under my direction.

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

A. I am employed by the National Housing Trust as its Midwest Director of Energy Efficiency Policy. In this capacity I work with state and local partners across the country to make multifamily housing healthy and affordable through energy efficiency. I have primary responsibility for NHT's energy efficiency policy work in the Midwest, including Missouri.

Q. Please provide a summary of your qualifications and experience.

A. I earned a Bachelor of Arts in both History and German Studies from Wesleyan University in 2005 and subsequently spent a year studying Architecture and Urban Planning at the Universität Stuttgart in Stuttgart, Germany. In 2011, I earned a Master in Public Policy from Harvard University where I focused on energy, sustainability, and social/urban policy and during which time I produced research on state and local policy solutions for rental sector energy efficiency.

I have nine years of professional experience with energy policy, affordable housing, and green building, both from an energy and a housing perspective. Beginning in 2011, I spent over two years leading the nonprofit Alliance to Save Energy's engagement of publicly-owned non-for-profit electric power utilities, helping utilities share best practices, consider energy efficiency program models, benchmark their energy efficiency portfolios, develop innovative online tools, and achieve consensus on priority topics. Since 2013 I have been a LEED Green Associate.

In my work for the National Housing Trust, I analyze state, local, and utility efficiency policies and programs, help disseminate best practices, and facilitate coordination among housing and energy stakeholders. I have filed comments with utility regulators in Missouri, Michigan, Minnesota, Iowa, and Kansas. In 2015, I worked with a Kansas City-based housing nonprofit to organize a series of three convenings to explore the experience, barriers, solutions, and potential recommendations related to expanding energy efficiency for affordable multifamily housing in the greater Kansas City metro area. In 2014-2015, I also worked with St.-Louis-area and statewide stakeholders to produce a white paper on this topic, as relates to Missouri and Illinois. I was a member of the energy usage stakeholder group that provided input to the Missouri Division of Energy as they developed the State Energy Plan. In February 2018 I began working with other stakeholders to form a "Low-Income Work Group" under the auspices of the Missouri Energy Efficiency Advisory Collaborative and I am currently serving on this work group's Steering Committee.

In addition to my work at the National Housing Trust, I have worked for affordable housing developers in Grand Rapids, Michigan (internship) and Minneapolis, Minnesota, including work on green affordable housing, community development, and multifamily rehabilitation projects.

Q. Have you previously testified before this Commission?

A. Yes, I previously provided testimony in Ameren Missouri's 2016-18 MEEIA filing (EO-2015-0055), in Spire's 2017 rate cases (GR-2017-0215 and GR-2017-0216), and in Ameren Missouri's 2019-2024 MEEIA filing (EO-2018-0211). I have also presented to Commissioners and stakeholders at various workshops, convenings, and meetings, such as the Missouri Energy Efficiency Advisory Collaborative (MEEAC).

Q. Please summarize your testimony.

A. My testimony begins by stating general support for Kansas City Power & Light Company and KCP&L-Greater Missouri Operations Company's (collectively "KCP&L" or "the Company") proposed MEEIA portfolio for 2019-2021/2024 ("Cycle III") and its impact on low-income and/or affordable multifamily housing. I then give background on the energy efficiency needs of renters and low-income multifamily households and on the size of the opportunity for energy savings in the low-income multifamily sector in KCP&L's service territory. I commend the Company on its ongoing focus on low-income multifamily housing, then explain how the Company's proposed Cycle III in this sector is vastly undersized. I go on to praise the Company's performance incentive structure, while suggesting a small tweak. I then explore the many ways in which KCP&L's program design matches best practices such as the one-stop shop model and I offer some suggested improvements in the areas of incentive levels, common area laundry room measures, data aggregation, and implementation staffing. Next, I stress the importance of providing an opportunity for low-income stakeholders, including non-intervenors, to participate in an accountability process for the Cycle III plan via a robust mid-cycle check-in. I then provide brief comments on the Company's exploration of PAYS. Lastly, I suggest that the Company consider how it can ensure that low-income communities and especially people of color will benefit from the jobs created by its increased Cycle III investment.

Q. You indicate that you support KCP&L's Cycle III filing and its impact on low-income/low-income multifamily households. Please explain.

A. The National Housing Trust generally supports the Company's proposed portfolio of energy efficiency programs. As an advocate for tenants and owners of low-income multifamily housing, we regularly advocate for well-designed multifamily programs. We also support energy efficiency investments more broadly because of their ability to lower system-wide energy costs for all customers, including in low-income multifamily housing. Well-designed energy efficiency programs serve as a demand-side resource, meeting energy needs at a lower cost than many supply-side resources such as fossil fuel plants, and enabling utilities to delay or avoid costly investments in new power plants or transmission and distribution infrastructure.

Q. What are the energy efficiency needs of renters and low-income multifamily households in the KCP&L service territory?

A. Over 42% of renters in Missouri live in unaffordable housing, meaning they spend more than 30% of their income on rent and utilities.[1] For example, in Platte County 37% of renters pay an unaffordable amount for rent plus utilities, 40% in Clay County, 45% in Jackson County, 42% in Cass County, 39% in Buchanan County, and 45% in Johnson County. According to the U.S. Department of Housing and Urban Development, such households "may have difficulty affording necessities such as food, clothing, transportation and medical care."[2] In Missouri, a parent earning minimum wage would have to work 79 hours per week, or the equivalent of two full-time jobs, to afford a two-bedroom apartment at fair market rent.[3]

Low-income multifamily households face a higher energy burden than non-low-income households. A 2016 report by Energy Efficiency for All and ACEEE found that low-income

---

[1] U.S. Census Table GCT2515. 2013-2017 American Community Survey 5-Year Estimates.

[2] Spending 30% of income on rent plus utilities is the U.S. Department of Housing and Urban Development's

[2] Spending 30% of income on rent plus utilities is the U.S. Department of Housing and Urban Development's definition for whether a household is housing cost burdened. http://portal.hud.gov/hudportal/HUD?src=/program_offices/comm_planning/affordablehousing/

[3] Missouri 2018 "Out of Reach" fact sheet. National Low Income Housing Coalition. http://nlihc.org/sites/default/files/oor/files/reports/state/OOR_2018_MO.pdf.

multifamily households in the Kansas City metropolitan area had a median energy burden of 6.36%, compared to just 4.48% for the median household in the Kansas City metropolitan area. One quarter of low-income multifamily households in Kansas City spend over 11.08% of their income on energy utility costs—10th worst of the 48 large metropolitan areas analyzed in the study. Cities where the median low-income multifamily household has a lower energy burden include St. Louis, Chicago, Oklahoma City, Milwaukee, Cleveland, Detroit, and Minneapolis.[4] This report also found that energy efficiency is a primary solution for relieving excess energy burden: for low-income multifamily households, "bringing housing stock up to the efficiency of the median household would eliminate 35% of excess energy burden."[5]

A historical lack of access to energy efficiency for U.S. multifamily rental housing presents an opportunity for KCP&L to tap significant unrealized energy savings in the low-income multifamily sector. In fact, efficiency measures are far less likely to be installed in multifamily rentals than in any other type of housing. Nationally, multifamily units occupied by low-income renters had 4.1 fewer energy efficiency features in 2005 and 4.7 fewer in 2009 compared with other households.[6] This translates to significant unrealized energy savings.

According to Census data and housing subsidy information, as matched to the Census tracts that compose KCP&L's service territory, there are approximately 81,446 units of low-income multifamily housing in buildings of 3+ units in the Company's service territory.[7] This

---

[4] Drehobl, A. and Ross, L., *Lifting the High Energy Burden in America's Largest Cities: How Energy Efficiency Can Improve Low Income and Underserved Communities*, Energy Efficiency for All and ACEEE, April 2016. http://www.energyefficiencyforall.org/sites/default/files/Lifting%20the%20High%20Energy%20Burden_0.pdf. p. 46.

[5] Drehobl and Ross. April 2016.

[6] Gary Pivo, "Unequal access to energy efficiency in US multifamily rental housing: opportunities to improve," *Building Research & Information*, 2014, 42:5, p. 551-573.

[7] U.S. Census American Community Survey 5-year estimates (2009-2012), National Housing Preservation Database (NHPD) from the Public and Affordable Housing Research Corporation and the National Low Income Housing Coalition, New Market Tax Credits Census tract data, 2014 Platts Geospatial Data. Analysis by Elevate Energy and the National Housing Trust.

includes public housing, which is owned by cities or counties; subsidized housing, which has received a one-time subsidy or receives ongoing subsidies from entities or programs such as HUD, USDA, and LIHTC; and unsubsidized housing, which does not receive subsidies, but generally has lower rents as a result of market conditions, location, property condition, etc.

Table 1

Estimates of Housing Unit Counts for Missouri and the KCP&L Service Territories

	All Housing Units (SF+MF)	All Multifamily (in buildings of 3+ units)					
					Affordable		
Utility	Total	Total	Market-Rate	**Total Affordable**	Unsubsidized Affordable	Subsidized Affordable (HUD, LIHTC, Rural, etc.)	PHA-Owned Affordable
Missouri Statewide	2,710,506	505,058	222,929	282,129	154,877	109,488	18,260
				100%	55%	39%	6%
Kansas City Power & Light (KMO and GMO)	632,077	130,566	49,120	**81,446**	44,971	32,674	4,009
				100%	55%	40%	5%

Sources: U.S. Census American Community Survey 5-year estimates (2009-2012), National Housing Preservation Database (NHPD) from the Public and Affordable Housing Research Corporation and the National Low Income Housing Coalition, New Market Tax Credits Census tract data, 2014 Platts Geospatial Data. Analysis by Elevate Energy and the National Housing Trust.
All subsidized information was pulled from the National Housing Preservation Database (NHPD) from the Public and Affordable Housing Research Corporation and the National Low Income Housing Coalition. This includes any property that has received at least one subsidy of any sort, including HUD, USDA Rural, LIHTC, PHA, and FHA. The "unsubsidized affordable" units are any units on low/moderate income Census tracts, designated by the New Market Tax Credits, which do not have subsidies. These are calculated based on a combination of ACS 2012 5-year estimate total unit counts and the tract-level unit counts from NHPD. In some areas, the Census estimates credited fewer units in total on a tract than were represented by NHPD subsidized unit records. In these cases, geocoded NHPD counts were trusted as reliable and used as total counts, so final unit estimates were slightly higher in some areas than the Census data. After unit counts were determined at the Census tract level, they were aggregated up to electric utility territories with 2014 Platts Geospatial Data.

Q. What are the opportunities presented by the energy efficiency needs of low-income multifamily housing stock located in the Company's service territory?

A. A 2015 potential study report by Optimal Energy for the Energy Efficiency for All initiative found that if KCP&L pursued maximum achievable electric savings in the affordable multifamily sector from 2015-2034, the cumulative savings would equate to between 15.2% and 18.9% lower electric usage sector-wide in 2034 (111 to 138 GWh lower usage). And, for every dollar spent on energy efficiency, those investments would yield $1.90-$3.50 in benefits.[8] Importantly, these numbers underestimate the potential savings, because the study looked at low-income multifamily buildings of 5+ units, whereas KCP&L's Income-Eligible Multifamily program serves low-income multifamily buildings of 3+ units.[9]

Table 2

KCP&L Maximum Achievable Savings Estimates, 2015-2034[10] drawn from 2015 Optimal Energy potential study calculations							
	Cumulative Savings in GWh Year 20	Savings % of Total GWh Usage Year 20		Total Costs (Million 2015$)	Total Benefits (Million 2015$)	Net Benefits (Million 2015$)	BCR
Maximum Achievable, No Non-Energy Benefits	111	15.2%		$56	$105	$48	1.9
Maximum Achievable, High Non-Energy Benefits	138	18.9%		$99	$341	$242	3.5

Energy efficiency programs are extremely beneficial to low-income tenants and can help owners maintain the buildings they live in, especially in subsidized properties where owners are legally obligated to maintain low rents. Retrofits can result in water/wastewater bill savings, reduced maintenance costs, lower turnover rates, increased comfort, increased durability, improved safety, and improved health (e.g. less asthma or aggravation of chronic conditions

[8] Mosenthal, P. and Socks, M., *Potential for Energy Savings in Affordable Multifamily Housing*, Optimal Energy for NRDC, 2015. http://www.energyefficiencyforall.org/sites/default/files/EEFA%20Potential%20Study.pdf, drawn from study calculations.

[9] This is NHT's understanding of the intended eligibility for the proposed program, but the 3-unit requirement does not appear in the program description or draft tariffs and likely needs to be added. NHT has submitted a Discovery Request (NHT DR-003) to clarify this question.

[10] Energy Efficiency for All and Optimal Energy, *The Significant Potential for Energy Efficiency Savings in Missouri's Affordable Multifamily Housing*, 2015. https://energyefficiencyforall.org/sites/default/files/EEFA_MO_Multifamily_Potential_Study_.pdf.

from extreme heat and cold, resulting in fewer sick days from work and school). Utilities can benefit from reduced arrearage carrying costs, reduced customer collection calls/notices, reduced termination/reconnection costs, and reduced bad debt write-offs.

Q. To what extent is KCP&L's Income-Eligible Multifamily program budget sized appropriately to match the need and the opportunity for energy savings within low-income multifamily housing?

A. We applaud the Company for demonstrating a commitment to serving low-income multifamily housing, a sector that is often overlooked by other utilities. However, the Company's proposed Income-Eligible Multifamily Cycle III budget falls far short of the energy savings potential available in this sector. The Company's proposed budget represents a modest increase over Cycle II budgets (it appears to be a decrease, because the foodbank channel is no longer part of the Income-Eligible Multifamily budget). According to the Energy Efficiency for All (EEFA) potential study cited above, maximum achievable savings for low-income multifamily buildings in KCP&L territory is an average of 3,607 to 10,237 MWh annually. However, the Company is proposing savings goals of only 2,198 average annually, which is 39% to 79% less than what the potential study found is achievable. And, while the EEFA potential study found it would cost between $2.81 and $4.93 million annually to achieve these savings, the Company is only proposing to spend an average of ****[confidential]**** per year, which is ****[confidential]**** less than what is needed. Keep in mind that the Company's universe of eligible units is larger than the universe the EEFA potential study covered (buildings of 3 or more units rather than buildings of 5 or more units), so the EEFA numbers are an <u>underestimate</u>.

No doubt the Company is basing its proposed budget on its own 2016 potential study, which included the low-income multifamily sector, but we believe the Company's potential study significantly underestimated energy savings potential for the low-income sector. For example, the Company's potential study states that "residential low-income take rates were further adjusted by a factor of 0.80 for high cost measures like HVAC equipment and 0.92 for low cost measures like efficient light bulbs. This reflects AEG research that indicates low-income households are less likely to make these investments."[11] This indicates the penetration of measures assumed is actually lower for low-income households than for non-low-income households. In reality, the Income-Eligible Multifamily program includes many direct install measures with 100% incentives, including efficient lighting, so low-income households would not be forced to make any "investments" and take-rates should be higher for low-income. This likely has a fairly significant impact on the resulting savings found for the low-income sector. Additionally, the Company has proposed an improved program design for its Income-Eligible Multifamily program, which will enable it to achieve savings that were artificially constrained in its potential study program scenarios.

We do not see a meaningful program and budget ramp-up over the course of the Company's six-year Cycle III low-income multifamily proposal. None of the annual budgets are close to the amount needed to achieve maximum achievable savings in this sector. Instead of a steady ramp-up in budget and savings goals, reflecting growing implementer expertise and a healthy pipeline of projects building up over time, we see annual budget swings ranging from a 15% decrease to a 10% increase. By the end of six years, the budget is proposed to inch upward by a mere 3%—not on average, but total—not even enough to account for inflation.

Because relationship-building is so important in getting building owners to commit to comprehensive projects, we suggest the Company keep its 2019 budget as planned and then

[11] Appendix D, *Kansas City Power & Light 2016 DSM Potential Study, Volume 5: Appendices*, File No. EO-2019-0132, November 29, 2018, p. 47.

ramp up steadily each year. The Company's goal should be to achieve annual low-income multifamily budgets in the range of $2.81 and $4.93 million annually. This reflects the cost of pursuing maximum achievable savings via the type of deep, whole-building retrofit program design already outlined in the Company's plan—a program design we heartily approve of. We will also note that properties that have received State Low-Income Housing Tax Credits only recently became fully eligible for MEEIA programs and represent 21% of the low-income multifamily housing units in KCP&L's service territory (approximately 16,777 units).[12] Therefore, it is not realistic to assume that the market is close to saturation.

Q. Is KCP&L's earnings opportunity set appropriately to incentivize a successful low-income multifamily program?

A. Substantially, but not completely. We applaud the Company for prioritizing the hard-to-serve low-income multifamily sector in its earnings opportunity via its own carve-out and further applaud the Company's thoughtful design for this carve-out. Setting an average percent-savings-per-property goal, as the Company has proposed, is an excellent approach. By doing so, the Company will be incentivized to provide more comprehensive energy retrofits to low-income multifamily buildings, rather than just direct install measures. A comprehensive approach is particularly well suited to the subsidized affordable multifamily sector, because properties generally refinance every 10-15 years, which is a point in time when owners have more capital available to consider energy efficiency projects. If a utility fails to induce an owner to undertake a comprehensive retrofit at this point in time (or during any other substantial rehabilitation), it may have to wait another 10-15 years for an equivalent opportunity at that property.

[12] The number of LIHTC units in KCP&L's service territory was determined by matching active federal LIHTC properties found in the National Housing Preservation Database (https://preservationdatabase.org/) to Census tracts served by KCP&L and then dividing by the number of "Total Affordable" multifamily units shown in Table 1 above. Federal LIHTC awards closely track state LIHTC awards, so the number of federal LIHTC properties is used as a close proxy for state LIHTC properties.

In general, it is helpful to be able to present all retrofit options at once as part of a package: this enables more cost-effective measures to subsidize less cost-effective measures, making the overall package of upgrades, including measures such as HVAC and building envelope measures, more attractive to the owner. And, multifamily owners are extremely busy, so once a utility has an owner's attention, it can be helpful to maximize the opportunity, rather than hoping to get the owner's attention again at a later date to address additional measures.

However, we find the Company's average percentage savings goals have been set slightly too low and would encourage the Company to set more ambitious goals. We find it appropriate to set no percent savings goal for program year 2019 as the Company institutes program design changes, but suggest that future year goals start at 6% rather than ****[confidential]****, so that the average percent savings goals are: none in 2019, ****[confidential]****. Most important is setting a higher floor in each year. We find the Company's Income-Eligible Multifamily minimum budget percent spend requirement appropriate as proposed.

We would like to flag for the Company that multifamily rehabilitation projects are often delayed or follow a schedule that spans across MEEIA program years. It seems likely that the Company and its stakeholders will need to further discuss and agree on a rubric for counting percentage savings toward the Company's performance metric goals, so that the Company can fully claim the savings it has earned, in the spirit of the goal of achieving deep energy savings in each property. An overly strict method for counting these savings might tend to undermine the spirit of the goal.

Q. To what extent is KCP&L's Income-Eligible Multifamily program appropriately designed to enable it to meet its budget and percent energy savings goals?

A. The Company's proposed Income-Eligible Multifamily program includes the majority of multifamily best practices we generally recommend to utilities and is the culmination of the Company's steady progress toward delivering a program that will deliver a better customer experience and deeper energy savings. This progress includes improvements included in the Company's MEEIA II settlement agreement, as well as design components proposed in its current plan. We are optimistic that the earnings opportunity the Company has proposed for average percent savings per property will motivate the Company to successfully implement many best practices recommended for the low-income multifamily sector. The best practices we refer to here draw from the National Housing Trust's experience, as well as two key best practice documents for overcoming multifamily barriers to participation in energy efficiency programs, summary checklists for which are included below. In response to later questions, we also make four recommendations for program design improvements.

<u>Table 3</u>

Energy Efficiency for All (http://energyefficiencyforall.org/sites/default/files/EEFA OneStopShop Fact Sheet (2).pdf) **One-Stop Shops for the Multifamily Sector** Identifying the Elements of a Complete One-Stop Shop	*ACEEE* (http://aceee.org/research-report/u1501) **Apartment Hunters: Programs Searching for Energy Savings in Multifamily Buildings**, Best Practices for Multifamily Energy Efficiency Programs
1. Single point of contact (SPOC) coordinates access to other programs or has agreements in place for co-delivery. 2. A single application streamlines the process. SPOC assists customer with enrolling and applying 3. Comprehensive audit provides utility benchmarking to gauge efficiency compared with peers and evaluates electric, water, gas, and non-utility upgrade opportunities. 4. Energy auditor uses audit information to develop a recommended scope of work, including a comprehensive set of improvements, installation costs, available utility incentive programs, available financing options, and economic benefits. SPOC supports customer in making final project decision. 5. SPOC assists with coordination of rebates, incentives, and financing options. Develops relationships with institutions (e.g., Community Development Financial Institutions, PACE, and housing institutions). 6. Client is provided with a list of qualified and available contractors. SPOC helps customer evaluate bides and select contractors, and facilitates scheduling to ease the administrative burden on the owner.	1. Provide a one-stop shop for program services. 2. Incorporate on-bill repayment or low-cost financing. 3. Integrate direct installation and rebate programs. 4. Streamline rebates and incentivize in-unit measures to overcome split incentives. 5. Coordinate programs across electric, gas, and water utilities. 6. Provide escalating incentives for achieving greater savings levels. 7. Serve both low-income and market-rate multifamily households. 8. Align utility and housing finance programs.

7. SPOC is involved in communications with contractors and project managers, and monitors progress. 8. Quality inspections on 100% of participating properties. Inspections are done during installation when necessary, and at project completion. Ongoing annual benchmarking services are provided. If quality issues arise, SPOC returns to site to resolve issues. SPOC ensures that all utility incentives are obtained.	9. Partner with the local multifamily housing industry. 10. Offer multiple pathways for participation to reach more buildings.

As these checklists demonstrate, a crucial piece of best practice program design is the one-stop shop.

Q. What does the phrase "one-stop shop" refer to in the context of efficiency programs targeted to low-income and affordable multifamily properties?

A. A "one-stop shop" program takes a whole-building, full-service approach to in order to streamline participation and achieve deeper savings per building: it provides multifamily owners with a single point of contact for both electric and gas, as well as in-unit and common area/building system measures (regardless of whether the impact is to a residential or commercial meter). It is targeted to breaking down barriers that prevent affordable multifamily building owners and tenants from participating in programs. This includes assistance with conducting an energy assessment, selecting measures, choosing contractors, securing low-cost financing if needed, applying for incentives, making the improvements themselves, and quality assurance. This program approach avoids undue administrative burdens on program participants and can generate deeper energy savings that reduce tenant bills in a more impactful way while enabling owners to maintain affordable rents.

Q. To what extent does the Company's proposed Income-Eligible Multifamily program design match the description of a one-stop shop?

A. The Company's proposed Income-Eligible Multifamily program design is impressive, because it incorporates many best practices for serving low-income multifamily buildings with a one-stop shop and wrap-around services. Among the many decisions we applaud are:

- A stand-alone multifamily program that is not combined with single family or other housing types that have very different barriers and needs.
- A commitment to co-delivery of the program with Spire Energy on the gas side.
- An expanded menu of options for easier verification of eligibility for the program, including the ability to qualify a property by its location in a low-income Census tract or via verification of its rent rolls.
- Provision of in-unit and common area upgrades via a single program.
- Provision of direct install, prescriptive, and custom incentives via a single program, so that all potential measures can be considered at the same time.
- Assignment of a single point of contact to assist owners/property managers throughout the process of program participation.
- Offering a free energy assessment to all participating properties, including a robust energy assessment report that goes beyond what was offered in Cycle II.
- Provision of a 12-month baseline of energy usage for the property for owners to begin benchmarking buildings in ENERGY STAR® Portfolio Manager.
- Identifying the scope of work, and securing qualified contractors, as applicable.
- Assisting with retrofit scheduling and completion, including quality assurance verification.
- An increase in incentive/rebate levels.
- A pledge to help owners “explore” financing or other funding, if needed.

We are especially pleased to see the Company’s Income-Eligible Multifamily program focus on meeting the needs of Low-Income Housing Tax Credit applicant properties, which are undertaking substantial rehabilitation projects and are more able to invest capital in energy efficiency upgrades, if the case for investment can be successfully made. Among the decisions we applaud are:

- A commitment to working with Missouri Housing Development Commission staff to meet these properties' unique needs as they go through a fairly inflexible re-financing process.
- Provision of incentives for ASHRAE Level II audits, which provide better information to support comprehensive upgrades, for certain properties.
- A commitment to providing a "Rebate Commitment Note" within and across MEEIA Cycles to provide certainty to developers/owners regarding incentive availability, helping to ensure that energy-saving measures will not be value-engineered out of projects.

We are also encouraged to see that the Company has included an outline of a new process to get early input from "property design decision-makers" and other key stakeholders in order to facilitate a more deliberate approach to including energy efficiency in project designs. We look forward to providing further input on this process and encourage the Company to explore how entities such as Energy Trust of Oregon and Xcel Energy have approached this type of early design assistance.

Q. You mentioned several improvements you recommend the Company make to its Income-Eligible Multifamily program. Please outline the types of program improvements you recommend.

A. Overall, the Company's proposed Income-Eligible Multifamily program is aligned with best practices and needs in terms of its program design, its intentional partnerships, and its goals and accountability to those goals via the earnings opportunity. Our main criticism is its insufficient size. However, we have a few additional recommendations for changes that we believe would better enable the Company to meet its own goals and to make participation easier for multifamily owners. In this document we have already provided recommendations on adjusting the budget as well as the earnings opportunity. Our additional recommendations address incentive levels, common area laundry room measures, data aggregation, and implementation staffing.

Q. What are your recommendations concerning measure incentive levels?

A. We are pleased to see the Company will "increase incentive/rebate levels" for its Income-Eligible Multifamily program and are providing additional recommendations here only because it is difficult to tell from the Company's application exactly how much incentive levels will increase.[13] In general, in setting incentive levels, we recommend that the Company provide non-lighting incentives that are higher than its Cycle II Income-Eligible Multifamily incentive levels, in order to better induce owners to invest in more comprehensive retrofits. We strongly believe that the Company will need to do so, in fact, in order to meet its annual goals for average savings across participating properties. This is especially true for properties where tenants pay for electricity, since in this scenario owners have less motivation for pursuing energy savings. As general guidelines, we believe that incentives should cover, at a minimum, 100% of *incremental cost* and, ideally, to properly incentivize owners to act, should cover at least 40-50% of *total cost on average* across incentives.

Q. What are your recommendations concerning common area laundry room measures?

A. We commend KCP&L for including common area laundry equipment as an eligible item for income-eligible multifamily properties. Clothes washers are an opportunity for considerable efficiency gains and a measure that can be implemented without significant disruption to the

[13] KCP&L, *MEEIA Cycle 3 2019-2022 Filing*, File No. EO-2019-0132, November 29, 2018, p.43.

property. At the same time, clothes washer upgrades differ from other retrofit opportunities, because clothes washers are commonly leased rather than owned at multifamily properties. We recommend the following design elements for multifamily laundry incentives:

1. Provide incentives for leased equipment. A majority of multifamily owners lease clothes washers from a "route operator" as opposed to purchasing the machines directly.[14] Therefore, allowing owners to provide a copy of the lease indicating that they are leasing equipment that meets the required level of efficiency rather than relying on receipts of purchase for eligibility is a critical component for multifamily participation.

2. Offer a stand-alone rebate option. Clothes washers may be upgraded during the course of a whole-building retrofit. However, leases for clothes washers typically run for 5 to 7 years. The point when owners are entering or renewing leases is the best opportunity to specify more efficient equipment, and the timing of the retrofit is unlikely to coincide with the timing of the lease renewal. The infrequent leasing cycles mean that a stand-alone rebate for high-efficiency clothes washers is likely to have higher uptake than a rebate included as part of a more comprehensive program.

3. Incentivize higher levels of efficiency. Both the Missouri Statewide TRM and the KCP&L TRM use the federal minimum standard for commercial clothes washers (1.7 MEF) for baseline efficiency and the ENERGY STAR standard (2.2 MEF) as the efficient measure. However, the commercial clothes washer market includes numerous models that exceed the ENERGY STAR required efficiency levels, and even greater savings can be achieved by targeting more efficient options. The Consortium for Energy Efficiency (CEE) also sets

[14] U.S. Department of Energy, *2014-12-15 Technical Support Document: Energy Efficiency Program for Consumer Products and Commercial and Industrial Equipment: Commercial Clothes Washers. (Final Rule)*, Chapter 3, December 2014, pg. 3-6. https://www.regulations.gov/contentStreamer?documentId=EERE-2012-BT-STD-0020-0036&attachmentNumber=4&contentType=pdf

standards for clothes washer efficiency[15] and the CEE Tier 3 category (2.4 MEF) is used by certain utilities (e.g., Pacific Gas and Electric) to promote higher levels of efficiency.

Q. What are your recommendations concerning data aggregation?

A. The Company should roll out an on-demand data aggregation portal, compatible with ENERGY STAR Portfolio Manager, that any multifamily property owner can use to determine overall electricity usage at their properties, including both common area and in-unit meters. Access to this crucial information will enable owners to make more informed energy saving decisions about their properties. The Company should remove barriers to owners accessing this information, including onerous paperwork and the need to specially request such data.

Q. What are your recommendations concerning implementation staffing?

A. We recommend that the Company hire an experienced, mission-based, local contractor to implement its Income-Eligible Multifamily program. These types of organizations tend to have deep community relationships, which can help build a robust pipeline of projects. It may also be worthwhile to hire community-based groups to assist with owner outreach.

Q. How can KCP&L better work with stakeholders to ensure program accountability and success?

A. We have found the Company to be open to discussion and collaboration, both in the months leading up to their program filing, and throughout the implementation of their Cycle II programs. This is exemplified by the Company's participation in the newly-formed MEEAC Low-Income Work Group and the Company's decision to join its Steering Committee.

We commend the Company for committing to meaningful data reporting, including accountability to the Missouri Energy Efficiency Advisory Collaborative ("MEEAC"). We

[15] Consortium for Energy Efficiency, *CEE Commercial Clothes Washer Initiative: High efficiency specifications for COMMERCIAL, FAMILY-SIZED CLOTHES WASHERS*, 2011: https://library.cee1.org/system/files/library/9564/comwash_specs_3.pdf

suggest that the reporting of low-income program data to the MEEAC is best suited to occur within the MEEAC Low-Income Work Group, which is targeting many non-energy and community-based stakeholders with an interest in this and other low-income programs, but who do not traditionally participate in utility regulatory proceedings or meetings. These groups will have new insights and diverse perspectives into how these programs are working or not working on the ground, that will be extremely valuable for evaluation and future program design purposes.

Q. What is your opinion of KCP&L's proposed six-year cycle length for its Income-Eligible Multifamily program?

A. The Company is currently proposing a six-year program for its Income-Eligible Multifamily program, twice the length of its previous cycles. This could be very helpful in offering long-term certainty about incentive availability for long-lead substantial rehabilitation projects in the low-income multifamily sector, especially if paired with commitment letter guarantees. However, it is critical that low-income stakeholders, including those who are not parties to this case, have an opportunity to comment on and propose changes to the Company's programs during these six years. NHT supports a framework for a robust mid-cycle check-in or review process that would allow parties to recommend adjustments to the Company's portfolio. It is already difficult for low-income stakeholders to participate in utility regulatory processes: eliminating all opportunities to participate for six years would make it even harder for low-income stakeholders to make their voices heard.

Over the last four years I have been encouraged to see local stakeholders express high interest in energy efficiency in low-income multifamily housing. I look forward to working alongside these stakeholders, including the Company and the Public Service Commission, to continue to break down barriers and develop innovative solutions for serving this hard-to-reach sector.

Q. What are your recommendations regarding the Company's exploration of PAYS?

A. In KCP&L's "PAYS Feasibility Study" prepared by Cadmus, KCP&L identifies on-bill financing using the PAYS model as an opportunity to increase residential uptake of energy efficiency improvements and to fill a gap in the financing market for energy efficiency. In particular, KCP&L's study concluded that "targeting the program to low-income or multifamily populations meets KCP&L objectives for better serving hard-to-reach markets and optimizes the benefits of a PAYS program."[16]

While we could generally support a residential on-bill financing program, including one in the PAYS model, our support is conditioned upon two very important caveats. First, no financing program, especially not one available to low- to moderate-income households, should replace incentives, rebates, technical assistance, and free direct install measures to those households for cost-effective energy and water improvements. Second, much more detail on program design is needed than is sketched in the feasibility study in order for us to evaluate the program for support.

Practical experience with utility-administered financing programs in other states as well as with conventional home improvement financing strongly suggests very careful program design will be vital to program success, especially with regard to low- to moderate-income households, and must include substantial attention to consumer protection safeguards. To that end, we recommend that the Commission establish a multi-stakeholder process to support program design of any financing offering for low-income residential customers and include in

[16] Appendix 8.9, *KCP&L PAYS Feasibility Study*, File No. EO-2019-0132, November 29, 2018, pg. 8.

such a process at least one consumer advocacy nonprofit with expertise and experience in consumer finance and conventional lending.

Q. What other recommendations do you have?

A. As the Company moves forward serving the low-income sector, we recommend that it consider how it will ensure that low-income communities and especially people of color will benefit from the jobs created by this increased investment. A recent study found that only 7.0% of clean energy jobs (e.g. installers, technicians, etc.) in Missouri were held by black or African-American workers in 2017,[17] despite this group making up 11.6% of Missouri's population.[18] The Company has an opportunity, through recruitment, training, outreach, leveraging community groups as its (paid) messengers, potential collaboration with programs such as the City of Kansas City's Full Employment Council or YouthBuild program, and other methods, to help ensure that the benefits of its MEEIA programs have even more positive impact on the low-income communities it serves.

Q. Does this conclude your rebuttal testimony?

A. Yes it does.

---

[17] Clean Energy Trust, Environmental Entrepreneurs, and BW Research, "Clean Jobs Midwest 2018 Report Data." August 2018. https://www.cleanjobsmidwest.com/wp-content/uploads/2018/08/CJM-2018-Final-Data.xlsx. The Missouri Executive Summary available at the below link explains which types of workers are included: https://www.cleanjobsmidwest.com/wp-content/uploads/2018/08/CJM-Executive-Summary-MO_2018.08.08.pdf.

[18] U.S. Census data, Table B02001 "Race: Total population" for Missouri, 2012-2016 American Community Survey 5-Year Estimates.

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

In the Matter of Kansas City Power & Light Company's Application for Authority to Establish a Demand-Side Programs Investment Mechanism	)))	File No. EO-2019-0132 Tariff No. JE-2019-0104 Tariff No. YE-2019-0103
In the Matter of KCP&L Greater Missouri Operations Application for Authority to Establish a Demand-Side Programs Investment Mechanism	)))	File No. EO-2019-0133 Tariff No. YE-2019-0105

AFFIDAVIT OF ANNIKA BRINK

CITY OF WASHINGTON,)
) **SS**
DISTRICT OF COLUMBIA)

Annika Brink, of lawful age and being first duly sworn on her oath, states:

1. My name is Annika Brink. I work in the City of Washington, District of Columbia and I am employed by The National Housing Trust as its Midwest Director of Energy Efficiency Policy.

2. Attached hereto and made a part hereof for all purposes is my Rebuttal Testimony on behalf of The National Housing Trust, which has been prepared in written form for introduction into evidence in the above-referenced docket before the Missouri Public Service Commission.

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

/s/ Annika Brink
Annika Brink

Subscribed and sworn to me this 28th day of January, 2019

/s/ Emily Schamberger
Notary Public

My commission expires: 5-31-2022

EMILY SCHAMBERGER NOTARY PUBLIC DISTRICT OF COLUMBIA MY COMMISSION EXPIRES 5/31/2022