

Exhibit No.:
Issues: Low Income Weatherization
Witness: Joe Gassner
Sponsoring Party: Missouri Department of Economic
Development - Division of Energy
Type of Exhibit: Rebuttal Testimony
Case No.: GR-2014-0086

MISSOURI PUBLIC SERVICE COMMISSION

SUMMIT NATURAL GAS OF MISSOURI, INC.

CASE NO. GR-2014-0086

REBUTTAL TESTIMONY

OF

JOE GASSNER

ON

BEHALF OF

MISSOURI DEPARTMENT OF ECONOMIC DEVELOPMENT

DIVISION OF ENERGY

Jefferson City, Missouri
July 11, 2014

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TABLE OF CONTENTS

I.	INTRODUCTION.....	2
II.	PURPOSE AND SUMMARY OF TESTIMONY.....	2
III.	LOW INCOME WEATHERIZATION.....	3

I. INTRODUCTION

1 **Q. Please state your name and business address.**

2 A. Joe Gassner, Missouri Department of Economic Development, Division of Energy, 301 West
3 High Street, Suite 720, Jefferson City, Missouri.

4 **Q. Have you previously filed testimony in this case?**

5 A. No.

6 **Q. On whose behalf are you testifying?**

7 A. I am testifying on behalf of the Division of Energy (DE), an intervenor in these proceedings.

8 **Q. What is your position with the Missouri Division of Energy?**

9 A. I am the director of the Weatherization Program in the Division of Energy, which is
10 responsible for administering the Missouri Low Income Weatherization Assistance Program.

11 **Q. Please describe your educational background and business experience.**

12 I earned a Bachelor of Science degree in Wildlife Conservation and Management from
13 Southwest Missouri State University in 1986. I have been in my current position with the
14 Division of Energy since 2006. Other employment history includes working with the
15 Missouri Department of Natural Resources from 1991 to 2013 as a District Coordinator (two
16 years) and Environmental Specialist (14 years), working with the Osage County Soil and
17 Water Conservation District from 1990-1991 as a District Technician, and working with the
18 Missouri Department of Conservation from 1986 to 1989 as a Fisheries and Wildlife
19 Management Technician

II. PURPOSE AND SUMMARY OF REBUTTAL TESTIMONY

20 **Q. What is the purpose of your rebuttal testimony in these proceedings?**

22 A. The purpose of my rebuttal testimony is to respond to the direct testimony filed by the
23 Missouri Public Service Commission Staff (Staff) witness Kory Boustead regarding a low
24 income weatherization program for Summit Natural Gas of Missouri, Inc. (SNG).

25 **III. LOW INCOME WEATHERIZATION ASSISTANCE**

26 **Q. What is Staff's position regarding a SNG low-income weatherization program?**

27 A. Staff witness Kory Boustead states that:

28 "Staff recommends the Commission authorize a natural gas energy efficiency
29 program and a low income customer weatherization program that will be ratepayer
30 funded through a regulatory asset account.... The funds for the low income customer
31 weatherization program would be administered by the Department of Economic
32 Development, Division of Energy (DE) in conjunction with the federal and state
33 funds they administer for the weatherization of homes of low income Missouri
34 families. The DE low income weatherization has demonstrated an ability to
35 effectively weatherize homes of low income families in Missouri and the
36 Commission has been authorizing ratepayer funded low income customer
37 weatherization for twenty years."¹

38
39 **Q. Does DE agree with the Staff's position regarding administering an SNG low-income
40 weatherization program?**

41 A. DE agrees with Staff that the Commission should authorize a low-income weatherization
42 program and ratepayer funding. DE witness John Buchanan will address the method of rate
43 recovery recommended by DE. We also agree that DE could effectively administer the
44 weatherization program. DE is willing to take on these additional duties with a provision for
45 DE to recover its administrative and monitoring expenses incurred in performing these
46 duties.

47 **Q. What level of funding is needed to compensate DE for administration and monitoring of
48 an SNG LIWAP program?**

¹I Missouri Public Service Commission, Staff Report, Revenue Requirement Cost of Service, page 74, lines 11 – 25, May 30, 2014..

49 A. The costs DE incurs should be covered by allowing up to 5 percent of the weatherization
50 fund for DE administration and monitoring. This level of funding for administration and
51 monitoring is within U.S. Department of Energy Low Income Weatherization Assistance
52 Program guidelines found in 10 CFR 440.18(e)

53 **Q. What authorization does DE have to receive and/or expend these funds?**

54 A. DE is advised by legal counsel that Section 640.676, RSMo, authorizes DE to receive/and or
55 expend these funds.

56 Section 640.676. states:

57 1. The department director may secure other forms of financial assistance permissible by
58 law and establish public and private partnerships with, but not limited to, financial
59 institutions, performance contracting vendors, energy utilities and other energy providers,
60 when such other financial assistance serves to further the implementation of energy
61 conservation projects.

62 2. The director is authorized to negotiate agreements for the department to act in an
63 administrative or monitoring capacity for an energy conservation project funded in part or
64 in full by another source. The department may establish reasonable fees such as, but not
65 limited to, application and processing fees to cover the costs of such administrative or
66 monitoring role.

67 I am further advised by counsel that, pursuant to sections 26.500-26.540 RSMo, the
68 Governor issued Executive Order 13-03. This Order, effective August 29, 2013,
69 transferred “all authority, powers, duties, functions, records, personnel, property, contracts,
70 budgets, matters pending, and other pertinent vestiges of the Division of Energy from the
71 Missouri Department of Natural Resources to the Missouri Department of Economic
72 Development....” So, with its move to the Department of Economic Development, DE
73 retains all the authority it had under the Department of Natural Resources, including the
74 ability to administer weatherization funding.

75 **Q. Please describe DE’s weatherization administrative and monitoring functions.**

76 A. For low income weatherization assistance funds that DE currently administers on behalf of
77 Ameren (natural gas and electric), Liberty and Laclede, the utilities make a single annual
78 payment to the Missouri Environmental Improvement and Energy Resources Authority
79 (EIERA). Then DE enters into subgrant agreements with community action agencies and
80 other subgrantees, as applicable, within the utility's service area, based on budgets provided
81 by the agencies. Technical and fiscal training for the subgrantees' staff is provided as needed.
82 Once weatherization work is completed on a home, DE conducts a desk audit of the
83 reimbursement request from the subgrantee and processes it for payment. In addition, a
84 sampling of homes is monitored by on-site inspection to verify that weatherization measures
85 have been installed and are operating properly. Fiscal monitoring is performed through both
86 desk reviews and on-site review of client files, invoices, procedures manuals and other
87 documentation.

88 **Q. Does DE receive General Revenue (GR) funds that could be used to cover the**
89 **administrative and monitoring costs that will be incurred in administering and**
90 **monitoring a weatherization program for SNG?**

91 A. No. DE receives no GR funds that are available to use for weatherization or any other DE
92 program.

93 **Q. Are you aware of any other sources of DE funding that could be used to cover**
94 **administrative and monitoring costs for an SNG weatherization program?**

95 A. No. All DE program funds are tied to their individual program funding. DOE weatherization
96 funds are the only currently available funds that the DE weatherization program has available
97 to utilize for administrative costs and monitoring. These funds are currently being fully
98 utilized and have been shrinking for the past several years.

99

100 **Q. Do you have a specific recommendation for the level of funding for an SNG low income**
101 **weatherization program?**

102 A. The DE recommends an initial annual funding level of \$30,000 to support a low income
103 weatherization assistance program. As Missouri's LIWAP Director, it is my opinion that to
104 effectively implement the SNG low income weatherization program would require an
105 investment of \$30,000; a lower level of funding could possibly compromise the viability of
106 the SNG weatherization program.

107 **Q. Does this conclude your rebuttal testimony?**

108 A. Yes. Thank you.

**BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI**


In the Matter of Summit Natural Gas of Missouri's)
Filing of Revised Tariffs to Increase its Annual) **Case No. GR-2014-0086**
Revenues for Natural Gas Service.)

AFFIDAVIT OF JOE GASSNER

STATE OF MISSOURI)
) **ss**
CITY OF JEFFERSON)

I, Joe Gassner, of lawful age, being duly sworn on his oath, deposes and states:

1. My name is Joe Gassner. I work in the City of Jefferson, Missouri, and I am employed by the Missouri Department of Economic Development as Weatherization Director, Division of Energy.
2. Attached hereto and made a part hereof for all purposes is my Rebuttal Testimony on behalf of the Missouri Department of Economic Development/ Division of Energy.
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.



Joe Gassner

Subscribed and sworn to before me on this 11th day of July, 2014.



Notary Public

My commission expires:

