

Exhibit No.:
Issues: Red-Tag Repair Program; Low-
Income Energy Affordability
Program
Witness: Erin K. Kohl
Sponsoring Party: Missouri Department of Economic
Development – Division of Energy
Type of Exhibit: Direct Testimony
Case Nos.: GR-2017-0215 and GR-2017-0216

MISSOURI PUBLIC SERVICE COMMISSION

SPIRE MISSOURI INC.

**CASE NO. GR-2017-0215
and
CASE NO. GR-2017-2016**

DIRECT TESTIMONY

OF

ERIN K. KOHL

ON

BEHALF OF

MISSOURI DEPARTMENT OF ECONOMIC DEVELOPMENT

DIVISION OF ENERGY

Jefferson City, Missouri
September 22, 2017

(Rate Design)

**

**

Denotes Highly Confidential Information that has been Redacted

Public

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

In the Matter of Laclede Gas Company's) **File No. GR-2017-0215**
Request to Increase Its Revenue for Gas Service) **Tariff No. YG-2017-0195**

In the Matter of Laclede Gas Company d/b/a)
Missouri Gas Energy's Request to Increase Its) **File No. GR-2017-0216**
Revenues for Gas Service) **Tariff No. YG-2017-0196**

AFFIDAVIT OF ERIN K. KOHL

STATE OF MISSOURI)
) **ss**
COUNTY OF COLE)

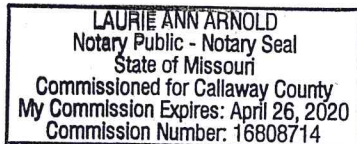
Erin K. Kohl, of lawful age, being duly sworn on her oath, deposes and states:

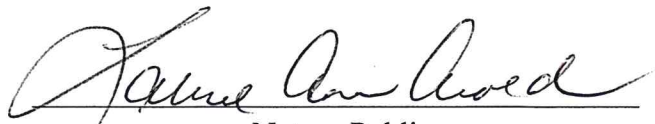
1. My name is Erin K. Kohl. I work in the City of Jefferson, Missouri, and I am employed by the Missouri Department of Economic Development, Division of Energy as a Planner II.
2. Attached hereto and made a part hereof for all purposes is my Direct Testimony on behalf of the Missouri Department of Economic 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.



Erin K. Kohl

Subscribed and sworn to before me this 22nd day of September, 2017.





Notary Public

My commission expires: 4/26/20

TABLE OF CONTENTS

I. INTRODUCTION1

II. PURPOSE AND SUMMARY OF TESTIMONY2

**III. RED-TAG REPAIR AND LOW-INCOME ENERGY
AFFORDABILITY PROGRAMS3**

IV. CONCLUSIONS8

1 **I. INTRODUCTION**

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

3 A. My name is Erin K. Kohl. My business address is 301 West High Street, Suite 720, PO
4 Box 1766, Jefferson City, Missouri 65102.

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

6 A. I am employed by the Missouri Department of Economic Development – Division of
7 Energy (“DE”) as a Planner II.

8 **Q. Have you previously testified before the Missouri Public Service Commission**
9 **(“PSC” or “Commission”) on behalf of DE or any other party?**

10 A. No.

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

12 A. In 2011, I graduated from Columbia College with a Bachelor of Arts in Criminal Justice
13 Administration with minors in sociology and criminology. I have over 16 years of
14 experience in state government and began my career with the State of Missouri in the
15 Department of Social Services, followed by a move to the Department of Mental Health
16 (“DMH”). At DMH, I assisted the Investigation/Audit staff in establishing new cases
17 based on abuse and neglect in Missouri residential homes and mental health facilities. I
18 then accepted employment with the Missouri Attorney General’s Office, where I
19 provided support to Assistant Attorneys General in case filings before the Missouri Court
20 system as well as preparing briefs, motions, and other court documents as necessary.
21 Before accepting employment with DE, I was an administrative analyst for the Missouri
22 Department of Revenue, Compliance and Investigation Bureau. I joined the DE team in
23 2017, where I am responsible for representing DE at investor-owned utility (“IOU”)

1 advisory group meetings, conducting DE’s internal budget tracking of energy efficiency
2 (“EE”) measures in Missouri, and a project to detail the EE case history of each utility.

3 **Q. Please describe your work assisting Missouri utilities with EE initiatives.**

4 A. I serve as DE’s designated representative to all electric and natural gas IOU
5 collaboratives, including: Liberty Utilities EE Advisory Group, Missouri Gas Energy -
6 Laclede Gas Company (“Laclede”) EE Collaborative, Ameren Missouri¹ Demand-Side
7 Management Stakeholder Group (electric), Ameren Missouri Natural Gas EE Advisory
8 Group, Kansas City Power and Light Company Demand Side Management Advisory
9 Group (“DSMAG”) , KCP&L² Greater Missouri Operations Company DSMAG, Summit
10 Natural Gas EE Advisory Group, Empire District Electric Company DSMAG, and
11 Empire District Gas Company DSMAG. I am also DE’s representative for Missouri-
12 American Water Company’s EE Collaborative. Most collaboratives meet quarterly via
13 conference call, webinar, or in person. Laclede and Laclede Gas Energy d/b/a Missouri
14 Gas Energy (“MGE”) collaboratives began meeting jointly in early 2014 and meet
15 quarterly. Each collaborative addresses company-specific issues, which may include EE
16 measures and programs, weatherization efforts, the potential for co-delivery of programs,
17 and program evaluation.

18 **II. PURPOSE AND SUMMARY OF TESTIMONY**

19 **Q. What is the purpose of your Direct Rate Design Testimony in this proceeding?**

20 A. The purpose of my testimony is to discuss the funding and expenditures of the Red-Tag
21 Repair and Low-Income Energy Affordability Programs (the latter consisting of the

¹ Union Electric Company d/b/a Ameren Missouri

² Kansas City Power & Light Company

1 Fixed Charge Assistance Program and Arrearage Repayment Program), as well as to
2 make recommendations to improve utilization of the programs currently offered by
3 Laclede and MGE (collectively, “Companies”). DE supports the continued availability
4 of the Red-Tag Repair and Low-Income Energy Affordability Programs, as there is a
5 significant need for the programs; DE also recommends that replacement furnaces under
6 the Red-Tag Repair Programs be at least 90 percent energy-efficient. Under the current
7 programs, there has been insufficient tracking of the use of program funds as well as
8 underutilization of the funds available for these programs. Both of these matters need to
9 be addressed to ensure that the programs provide the intended benefits. If improved
10 tracking, reporting, and accountability for the full use of available funds cannot be
11 reasonably assured, then the Commission should require the Companies to work with
12 stakeholders to develop and implement a plan for third-party administration.

13 **Q. What information did you review in preparation of this testimony?**

14 A. In preparation of this testimony, I reviewed the Direct Testimony filed by the Companies’
15 witnesses in this case, parts of various case-related filings in this and previous natural gas
16 rate cases (GR-2007-0208, GR-2010-0171, GR-2013-0171, GR-2014-0007), materials
17 pertaining to energy efficiency, and past tariffs.

18 **III. RED-TAG REPAIR AND LOW-INCOME ENERGY AFFORDABILITY**
19 **PROGRAMS**

20 **Q. Please describe the Red-Tag Repair Program.**

21 A. The Red-Tag Repair Program began on July 8, 2013 for Laclede and on May 24, 2014 for
22 MGE. “Red-tagging” a furnace means shutting the furnace down because it is dangerous
23 to operate unless repaired or replaced. The program allow for customers to receive minor

1 repairs to their gas appliances and piping to obtain or retain natural gas service, and is
2 only available for assistance with avoiding “red tags” on income-qualified customers’
3 natural gas appliances. According to the Companies’ tariffs, a field service representative
4 (“FSR”) may complete minor repairs that take no more than 15 minutes with parts that
5 cost no more than \$20. If the repairs are outside these criteria, the FSR must “red-tag”
6 the piping or appliance as unsafe.³

7 **Q. What are the current terms and conditions of the Companies’ Red-Tag Repair**
8 **Programs?**

9 A. Laclede provides up to \$25,000 annually and MGE provides up to \$100,000 annually to
10 provide repairs or replacements of furnaces that have been “red-tagged” to be reimbursed
11 to either the customer, qualified social service agencies, or any licensed repair service
12 provider that is willing to accept payment according to the terms of the program, with a
13 cap of \$450 per customer. An administrative cost is provided at an amount not to exceed
14 10 percent of the funds provided.⁴

15 **Q. What are the current terms and conditions of the Companies’ Low-Income Energy**
16 **Affordability Programs?**

17 A. Laclede’s current Low-Income Energy Affordability Program is funded at a total annual
18 amount of up to \$600,000, plus one-third of the carryover balance from the prior year.
19 The program consists of the Bill Payment Assistance Program and the Arrearage
20 Repayment Program. The Bill Payment Assistance Program allows a bill credit in the

³ Missouri Public Service Commission Case No. GR-2013-0171/GR-2014-0007. *In the Matter of Laclede Gas Company's Filing of Revised Tariffs to Increase its Annual Revenues for Natural Gas / In the Matter of Missouri Gas Energy, Inc.'s Filing of Revised Tariffs to Increase its Annual Revenues for Natural Gas.* Tariff Sheets R-44-a/R-89.

⁴ Missouri Public Service Commission Case No. GR-2013-0171/GR-2014-0007. *In the Matter of Laclede Gas Company's Filing of Revised Tariffs to Increase its Annual Revenues for Natural Gas / In the Matter of Missouri Gas Energy, Inc.'s Filing of Revised Tariffs to Increase its Annual Revenues for Natural Gas.* Tariff Sheets R-44-a/R-89.

1 amount of \$10, \$30, \$40 or \$60 over a 24 month period, based on a customer's income
2 level.⁵

3 MGE's Low-Income Energy Affordability Program ended on November 30, 2014 and
4 was funded up to \$400,000, exclusive of administrative costs.⁶

5 **Q. What are some of the benefits of the Red-Tag Repair Programs?**

6 A. The availability of Red-Tag Repair Programs benefit customers by assisting them in
7 maintaining or restoring natural gas heating to their homes when they otherwise might
8 resort to using broken or malfunctioning equipment, or forgo service. Using broken or
9 malfunctioning equipment can result in fires or carbon monoxide poisoning, as can the
10 inappropriate use of other appliances for space heating purposes (e.g., stoves). According
11 to the Missouri Department of Public Safety, space heaters are responsible for about 80
12 percent of home heating fire deaths. Next to heating equipment fires, cooking equipment
13 was the second leading cause of home fires from 2009 through 2013. Eliminating the
14 use of space heaters and cooking ovens to heat homes reduces fire and safety hazards.
15 There were 56,000 reported structure fires from 2009 through 2013 involving heating
16 equipment.⁷

17 **Q. Can the availability of the Red-Tag Repair Programs be especially helpful to low-**
18 **income households?**

19 A. Yes. Income-qualified customers may be unable to afford repairs to heating equipment
20 and are more susceptible to energy service disruptions due to shut-offs. Income qualified

⁵ Missouri Public Service Commission Case No. GR-2013-0171. *In the Matter of Laclede Gas Company's Filing of Revised Tariffs to Increase its Annual Revenues for Natural Gas* Tariff Sheet R-53.

⁶ Missouri Public Service Commission Case No. GR-2014-0007 *In the Matter of Missouri Gas Energy, Inc.'s Filing of Revised Tariffs to Increase its Annual Revenues for Natural Gas*. Tariff Sheet R-93.⁶ Missouri Public Service Commission Case No. GR-2014-0007 *In the Matter of Missouri Gas Energy, Inc.'s Filing of Revised Tariffs to Increase its Annual Revenues for Natural Gas*. Tariff Sheet R-93.

⁷ Space Heater Safety Understanding the Dangers. Undated. Retrieved from: <https://dfs.dps.mo.gov/safetytips/space-heater-safety.php>.

1 customers are also more likely to experience negative health and employment outcomes
2 due to service disruptions. In addition to assuring heating service, the availability of red-
3 tag programs can also work as a bridge, enabling income-eligible households to qualify
4 for weatherization service. According to the technical and management resources
5 provided by the U.S. Department of Energy's Office of Energy Efficiency & Renewable
6 Energy, weatherization work is deferred when any equipment has been "red-tagged," so
7 this program assists in the weatherization of homes because it provides funding for the
8 "red-tagged" equipment to be repaired or replaced.⁸

9 **Q. Do the Companies always replace furnaces with the most efficient models?**

10 A. No. DE recommends that the replacement furnaces be at least 90 percent energy-efficient
11 to assist with energy affordability, which will lead to better utilization of taxpayer and
12 ratepayer bill assistance. This recommendation is based on the efficiency requirement for
13 furnace replacements under the federal Low-Income Weatherization Assistance
14 Program⁹.

15 **Q. Has DE submitted testimony addressing the need to address energy affordability
16 and energy security for low-income households?**

17 A. Yes. DE witness Sharlet Kroll filed direct testimony on September 8, 2017 addressing
18 energy affordability and energy security for low-income households.

⁸ Weatherization Deferral Standards. Undated. Retrieved from: <https://energy.gov/eere/wipo/weatherization-technical-and-management-resources>.

⁹ Missouri Weatherization Field Guide SWS-Aligned Edition. Page 247. Retrieved from:
http://wxfieldguide.com/mo/MOWxFG_033115_Web.pdf

1 **Q. Can availability of Low-Income Energy Affordability Programs assist low-income**
2 **households in maintaining service?**

3 A. Yes. The Low-Income Energy Affordability Program currently available in the Laclede
4 service area was designed to address key challenges faced by low-income households.
5 The program provides bill credits that assist with making current bills more affordable
6 and addresses customer arrears by providing matching dollars for customer payments
7 toward past balances. The program also encourages enrollment in Laclede's
8 weatherization program, which can lead to more affordable utility bills in the long term
9 while reducing the need for immediate bill assistance.

10 **Q. Can utilities and ratepayers benefit from continuity of service to income-qualified**
11 **customers?**

12 A. Yes. The reduction in emergency service calls due to appliances breaking or
13 malfunctioning subsequently reduces the use of utility staff time and resources. Utilities
14 also spend less time and resources in an effort to collect what is owed when there are
15 fewer delinquent accounts. Due to the costs associated with disconnection and
16 reconnection, there is a monetary savings when customers are better able to pay their bills
17 and retain service.¹⁰

18 **Q. What are DE's concerns regarding utilization of program funds?**

19 A. MGE has not spent the allotted amounts designated for the program. As stated in
20 response to DED-DE Data Request 701 for the reported years of 2014 through 2016,
21 MGE spent ** _____ ** out of an available \$300,000 for the Red-Tag

¹⁰ M.Schweitzer. *Oak Ridge national Laboratory*. Nonenergy Benefits From The Weatherization Assistance Program: A Summary of Findings
From the Recent Literature, April 2002.

1 Repair Program. Additionally, in response to DED-DE Data Request 703 ** _____

2 _____

3 _____

4 _____ **

5 To improve the utilization of designated funds, a better tracking and accountability
6 system should be put in place.

7 **Q. What recommendations do you have regarding the Red-Tag Repair and Low-**
8 **Income Energy Affordability Programs?**

9 A. DE recommends that Laclede and MGE continue to offer the Red-Tag Repair and Low-
10 Income Energy Affordability Programs. However, the programs should be redesigned to
11 ensure fuller utilization of the designated funds, including improved methods for tracking
12 and reporting of all administrative costs. If improved tracking, reporting, and
13 accountability for the full use of available funds cannot be reasonably assured, then the
14 Commission should require the Companies to work with stakeholders to develop and
15 implement a plan for third-party administration.

16 **Q. Will you address other aspects of DE's position on the Companies' proposed Red-**
17 **Tag Repair and Low-Income Energy Affordability Programs in future testimony?**

18 A. Yes. I will address the recommendations of DE regarding both programs in rebuttal
19 testimony.

20 **IV. CONCLUSIONS**

21 **Q. Please summarize your conclusions and the positions of DE.**

22 A. DE supports continued availability of the Red-Tag Repair and Low-Income Energy
23 Affordability Programs, and recommends that replacement furnaces under the Red-Tag

1 Repair Programs be at least 90 percent energy-efficient. However, the underutilization of
2 funds and lack of adequate tracking and reporting must be addressed to ensure that the
3 programs provide the intended benefits. If improved tracking, reporting, and
4 accountability for the fuller use of available funds cannot be reasonably assured, then the
5 Commission should require the Companies to work with stakeholders to develop and
6 implement a plan for third-party administration.

7 **Q. Does this conclude your Direct Rate Design Testimony in this case?**

8 A. Yes, thank you.