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FILE NOS. GR-2017-0215 and GR-2017-0216

DIRECT TESTIMONY

OF

ANNIKA BRINK

ON

BEHALF OF

NATIONAL HOUSING TRUST

September 22, 2017

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

2 A. Annika Brink, National Housing Trust, 1101 30th Street NW, Suite 100A, Washington, DC
3 20007.

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

5 A. I am testifying on behalf of the National Housing Trust (NHT).

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

7 A. I am employed by the National Housing Trust (NHT) as their Energy Efficiency Advisor. In this
8 capacity I work with state and local partners across the country to make multifamily housing healthy and
9 affordable through energy efficiency. I have primary responsibility for NHT's energy efficiency policy
10 work in the Midwest, including Missouri.

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

12 A. I earned a Bachelor of Arts in both History and German Studies from Wesleyan University in
13 2005 and subsequently spent a year studying Architecture and Urban Planning at the Universität Stuttgart
14 in Stuttgart, Germany. In 2011, I earned a Master in Public Policy from Harvard University where I
15 focused on energy, sustainability, and social/urban policy and during which time I produced research on
16 state and local policy solutions for rental sector energy efficiency.

17 I have seven years of professional experience with energy policy, affordable housing, and green
18 building, both from an energy and a housing perspective. In my work for NHT, I analyze state, local, and
19 utility efficiency policies and programs, help disseminate best practices, and facilitate coordination among
20 housing and energy stakeholders. I have filed comments with utility regulators in Missouri, Minnesota,
21 and Kansas. From 2011 to 2013, I led the nonprofit Alliance to Save Energy's engagement of publicly-
22 owned not-for-profit electric power utilities, helping utilities share best practices, consider energy
23 efficiency program models, benchmark their energy efficiency portfolios, develop innovative online tools,
24 and achieve consensus on priority topics. Since 2013 I have been a LEED Green Associate. I have
25 worked for affordable housing developers in Grand Rapids, Michigan (internship) and Minneapolis,

1 Minnesota, including work on green affordable housing, community development, and multifamily
2 rehabilitation projects.

3 I have specific experience working on energy efficiency issues in Missouri. In 2014-2015, I
4 provided input as a member of the energy usage stakeholder group for the Missouri Division of Energy's
5 State Energy Plan. Since 2014, I have helped to organize a series of convenings in the St. Louis and
6 Kansas City metro areas to explore the experiences, barriers, solutions, and potential recommendations
7 related to expanding energy efficiency for affordable multifamily housing in Missouri and Illinois. Based
8 on a White Paper¹ produced from discussions that occurred at several of these convenings (attached as
9 Appendix 1), I helped to develop and advocate for the approved low-income multifamily efficiency
10 programs as part of Ameren Missouri and Kansas City Power & Light's energy efficiency portfolio cases,
11 approved pursuant to the Missouri Energy Efficiency Investment Act ("MEEIA"). Since the programs'
12 approval, I have continued to engage with these utilities and their stakeholders to further address barriers
13 to expanding energy efficiency opportunities for low-income and multifamily customers in Missouri.

14 **Q. Have you previously testified before this Commission?**

15 A. Yes, I submitted testimony in Ameren Missouri's case for approval of their efficiency portfolio
16 under the Missouri Energy Efficiency Investment Act (MEEIA) (File No. EO-2015-0055). I also
17 submitted Direct Testimony on Revenue Requirement issues in this case on September 7, 2017.

18 **Q. Please summarize your testimony.**

19 A. In the below testimony, I briefly explain how rate design can be used to support the aims of
20 energy efficiency programs and address the unique energy burden faced by low-income and multifamily
21 households. I then provide my perspective and opinions on the proposed changes to the Companies' fixed
22 customer charges for residential and small-to-medium-sized commercial customers, as well as on the
23 Revenue Stabilization Mechanism proposed by the Companies.

¹ *Scaling Up Energy Efficiency in in Missouri and Illinois Multifamily Affordable Housing*, April 2015.
http://energyefficiencyforall.org/sites/default/files/EEFA%20IL.MO_.pdf

1 **Q. How should the energy burden and other issues affecting low-income multifamily**
2 **households factor into the Companies' rate design?**

3 A. The Companies should seek to alleviate (or at a minimum not add to) the energy burden faced by
4 low-income multifamily households, while incentivizing energy savings behavior and investments in low-
5 income multifamily buildings.

6 First, the Companies should commit to low fixed charges, which incentivize energy conservation
7 and prevent low energy users from being unfairly overcharged for their usage patterns. It is true that low-
8 income multifamily households have high energy burdens (see my revenue requirement testimony in this
9 case) and Midwestern multifamily homes use 43% *more energy per square foot* than single family
10 detached homes.² However, Midwestern multifamily households tend to use *less total energy* than other
11 households: less than half of what is consumed by a Midwestern single family detached home according
12 to 2009 Residential Energy Consumption Survey data³. As comparatively low energy users, low-income
13 multifamily households are thus at particular risk of harm from high fixed charges.

14 Second, the Companies should commit to decoupling energy sales volume from profit. Revenue
15 decoupling can remove disincentives for utilities to properly treat energy efficiency as an essential
16 resource for addressing customer demand while avoiding new supply and lowering the energy burden on
17 customers, including both low-income single family and low-income multifamily buildings. While
18 revenue decoupling can take many forms, the key focus should be on aligning incentives so that both
19 utilities and customers can benefit from pursuing energy efficiency as a key system-wide resource.

² U.S. Energy Information Administration. Residential Energy Consumption Survey, 2009. Table CE1.3: Summary Totals and intensities, Midwest Homes, <https://www.eia.gov/consumption/residential/data/2009/>. 66,000 Btu per square foot for households in multifamily buildings of 5+ units vs. 46,100 Btu per square foot for single family detached homes.

³ U.S. Energy Information Administration. Residential Energy Consumption Survey, 2009. Table CE1.3: Summary Totals and intensities, Midwest Homes, <https://www.eia.gov/consumption/residential/data/2009/>. 51.9 million Btu per household for multifamily buildings of 5+ units vs. 128.0 million Btu per household for single family detached homes.

1 Third, the Companies should pair these rate design approaches with robust demand-side
2 investments in energy efficiency programs, including programs available to low-income and multifamily
3 customers—and designed to overcome the significant barriers faced by these sectors. I further discuss the
4 value of energy efficiency programs in my Direct Testimony on Revenue Requirement issues, filed in this
5 case on September 7, 2017.

6 **Q. What are your opinions on the Companies’ proposals to decrease the fixed customer**
7 **charges for residential customers?**

8 A. I support and applaud the Companies for proposing decreases in the residential fixed charges,
9 which they have proposed to decrease from \$19.50 to \$17.00 for Laclede and from \$23.00 to \$20.00 for
10 MGE.⁴ These proposals assume the Revenue Stabilization Mechanism is approved. Without Revenue
11 Stabilization Mechanism approval, the Companies have both proposed raising fixed charges, which is
12 unacceptable. These lowered customer charges would make it easier for customers to impact their total
13 bills through installing measures that save energy in their homes (though many barriers remain for low-
14 income renters, as discussed in my previous testimony).

15 We strongly support lower residential fixed charges. Without commenting on the appropriateness
16 of the specific residential fixed charge decreases proposed, we include here, for educational purposes
17 only, the residential fixed charges of several peer natural gas utilities—the largest utilities in several
18 central states.⁵ The median residential fixed charge listed here is \$13.00 and the average is \$13.54.

19

⁴ Laclede Tariff Revision YG-2017-0195, page 7 and MGE Tariff Revision YG-2017-0196, page 54.

⁵ For our purposes, these are the natural gas utilities with the largest market share in their state based on residential volume sales in 2015 (at least the top two in each state included). Residential volume sales are based on figures reported by the U.S. Energy Information Administration. Rate schedules and definitions reflect the published tariffs of each utility as reported by each utility or by the state’s public service commission. The Form EIA-176 sales data are available here:

https://www.eia.gov/cfapps/ngqs/ngqs.cfm?f_report=RP1&CFID=3671337&CFTOKEN=adecb824a353d3ce-2B0A52F6-237D-DA68-24A4616E47171EC2.

1 Table 1: Residential Fixed Charges of Peer Natural Gas Utilities

State	Utility	Fixed Charge	Sector	State	Utility	Fixed Charge	Sector
SD	MidAmerican Energy	\$5.00*	Other	IA	Alliant Energy	\$13.00	Residential
IN	Citizens Energy Group	\$9.00 [‡]	Residential	NE	Black Hills Energy	\$13.50	Residential
MN	Xcel Energy	\$9.00	Residential	IL	NICOR, IL	\$13.55	Residential
SD	Mont.-Dakota Util. Co.	\$9.30	Residential	NE	Metro Util. Dist of Omaha	\$13.72	Residential
MN	CenterPoint Energy	\$9.50	Residential	MO	Ameren Corporation	\$15.00	Residential
IA	MidAmerican Energy	\$10.00	Residential	TN	Piedmont Natural Gas Co.	\$15.45 [~]	Residential
TN	Memphis LG&W	\$10.00	Residential	KY	Columbia Gas of KY	\$16.00	Residential
WI	Wisconsin Gas	\$10.23	Residential	KY	Louisville G&E Co.	\$16.35	Residential
WI	WI Electric & Gas	\$10.23	Residential	IL	Peoples Gas	\$16.37 [‡]	Residential
AR	CenterPoint Energy	\$10.75	Residential	KS	Kansas Gas Service	\$16.70	Residential
IN	NIPSCO	\$11.00 [^]	Residential	WI	WI Public Srvc Corp.	\$17.00	Residential
IN	Vectren Corporation	\$11.00	Residential	MO	Laclede proposed	\$17.00	Residential
MI	DTE Energy	\$11.25	Residential	KS	Black Hills Energy	\$17.25	Residential
AR	Black Hills Energy	\$11.58	Residential	KY	Atmos Energy Corp.	\$17.50	Residential
MI	Consumers Energy	\$11.75	Residential	MO	MGE proposed	\$20.00	Residential
IN	Citizens Energy Group	\$12.00 ⁺	Residential	IL	Peoples Gas	\$30.84 ⁺	Residential

*Applies to all customers or all customers may choose this rate, ⁺ Heating customers, [‡]Non-heating customers
[^]For master-metered multifamily housing of 2-5 units the fixed charge is \$12.50 instead. [~]This is the average of two seasonal charges: the April-October charge is \$13.45, November-March charge is \$17.45

2 I view the Companies’ proposals to lower residential fixed charges as a complement to the energy
3 efficiency programs proposed by the Companies. While low-income multifamily households can respond
4 to price signals with behavior change to conserve energy, they are particularly vulnerable to rising energy
5 costs, because they have little ability to invest in physical improvements to their apartments. First, they
6 lack the means to invest in upgrades. Second, over 90% of multifamily households in Spire’s territories
7 rent and thus lack the decision-making power to change the physical characteristics of their apartments
8 via new energy-saving equipment/measures.⁶ For these reasons, and in light of the Companies’ predicted
9 average annual increase in residential bills of \$42 (Laclede) and \$67 (MGE), it is essential that the
10 Companies provide robust energy efficiency offerings for the low-income multifamily sector.

⁶ Census Table B25032. 2011-2015 American Community Survey 5-Year Estimates. Matched to Spire territories Census tracts. Over 90% of multifamily households rent regardless of whether we define multifamily as buildings with 3+ units or with 5+ units.

1 **Q. What are your opinions on the Companies' proposals to change the fixed customer charges**
2 **for general service customers?**

3 Both the proposed residential and proposed general service charges are relevant to the
4 multifamily sector: residential rates are relevant for individually-metered buildings and general service
5 charges are relevant for common area meters and for master-metered buildings. As we understand it,
6 master-metered affordable multifamily buildings and affordable multifamily common area meters will
7 most often fall in the following categories, listed here with proposed changes to their fixed charges⁷⁸:

- 8 - Laclede General Service Class I (<5k therms) – increase from \$25.50 to \$35.00
- 9 - Laclede General Service Class II (5k-50k therms) transitioning to new Small General Service
10 category if >=5k therms and <10k therms) – decrease from \$44.29 to \$35.00
- 11 - Laclede General Service Class III (>=10k therms) transitioning to new Large General Service
12 category if >=10k – increase from \$44.29 to \$125.00
- 13 - MGE Small General Service – increase from \$34.00 to \$40.00
- 14 - MGE Large General Service – increase from \$115.40 to \$125.00

15 We applaud the Companies for proposing a decrease in the Laclede General Service Class II
16 customer charge. However, we are concerned that four of these five groups of commercial customers
17 would see *increases* to fixed charges, changes that would make energy efficiency upgrades less
18 financially attractive in master-metered affordable multifamily buildings and in common areas, thus
19 disincentivizing owners from pursuing improvements.

20 We strongly support decreases in fixed charges across all service categories impacting the
21 affordable multifamily sector, including general service rates. Without providing our opinion on what
22 specific fixed charges would be appropriate for general service customers, we include here, for
23 educational purposes only, the general service fixed charges of the same peer utilities as above. In this

⁷ Tariff Revision YG-2017-0195, pages 7-9 and Tariff Revision YG-2017-0196, pages 54-62.

⁸ Laclede Tariff Revision, GR-2013-0171, pg. 24; MGE Tariff Revision, GR-2014-0007, pg. 31.

1 case, for simplicity, we include only the fixed charges for the smallest general service or commercial
 2 usage class existing for these utilities. The median general service/commercial fixed charge listed here is
 3 \$25.00 and the average is \$25.57. The Companies' corollary classes are Laclede General Service Class I
 4 and MGE Small General Service Class, with proposed fixed charges of \$35 and \$40, respectively.

5 Table 2: General Service/Commercial Fixed Charges of Peer Natural Gas Utilities

State	Utility	Fixed Charge	Sector
SD	MidAmerican Energy	\$5.00	None
IA	MidAmerican Energy	\$10.00	General Service
WI	Wisconsin Gas	\$10.23	Commercial/Industrial
WI	WI Electric & Gas	\$10.23	Commercial/Industrial
MI	Consumers Energy	\$14.00	General Service
AR	CenterPoint Energy	\$14.67	Commercial
MN	CenterPoint Energy	\$15.00	Commercial/Industrial
WI	WI Public Srvc Corp.	\$17.00	Commercial/Industrial
SD	Mont.-Dakota Util. Co.	\$17.05	General Service
NE	Black Hills Energy	\$18.50	Commercial
NE	Metro Util. Dist of Omaha	\$18.62	Commercial/Industrial
AR	Black Hills Energy	\$19.60	Business
IL	NICOR	\$20.80	General Service
IN	Citizens Energy Group	\$22.00 ⁺	General Heating Service
IN	Vectren Corporation	\$22.00	General Service
IN	Citizens Energy Group	\$25.00 [≠]	General Non-Heating Service
MN	Xcel Energy	\$25.00	Commercial
KS	Black Hills Energy	\$26.45	Commercial
KS	Kansas Gas Service	\$28.65	Commercial
MO	Ameren Corporation	\$28.83	General Service
IA	Alliant Energy	\$30.00	General Service
IN	NIPSCO	\$30.00	General Service
TN	Memphis LG&W	\$30.00	General Service
MI	DTE Energy	\$31.00 [*]	Multifamily
MO	<i>Laclede proposed</i>	<i>\$35.00</i>	<i>General Service</i>
IL	Peoples Gas	\$35.35	General Service
MO	<i>MGE proposed</i>	<i>\$40.00</i>	<i>General Service</i>
TN	Piedmont Natural Gas Co.	\$44.00	General Service
KY	Columbia Gas of KY	\$44.29	General Service
KY	Atmos Energy Corp.	\$44.50	General Service
KY	Louisville G&E Co.	\$60.00	Commercial
*Multifamily, ⁺ Heating customers, [≠] Non-heating customers			

6

1 **Q. What are your opinions on the Companies' proposed Revenue Stabilization Mechanism?**

2 A. As an advocate for low-income households, we strongly support the Companies' proposed
3 Revenue Stabilization Mechanism, provided it is paired with robust, well-designed energy efficiency
4 programs, including larger budgets for low-income energy efficiency. Decoupling will enable the
5 Companies to increase their energy efficiency investments without impact to their bottom line. These
6 increased efficiency investments will help offset the impact of proposed bill increases affecting low-
7 income multifamily buildings.

8 While I am not a lawyer, it is my understanding that such a mechanism is permitted under
9 Missouri law by Section 386.266.3, RSMo. I believe this authority given to gas utilities should be used in
10 order to properly align incentives so that energy efficiency can be pursued as an essential resource.

11 **Q. Does this conclude your testimony?**

12 A. Yes, it does.