Exhibit No.:	
Issues:	Low-Income Weatherization Program
Witness:	Henry E. Warren
Sponsoring Party:	MO PSC Staff
Type of Exhibit:	Rebuttal Testimony
Case No.:	ER-2014-0258
Date Testimony Prepared:	January 16, 2015

MISSOURI PUBLIC SERVICE COMMISSION

REGULATORY REVIEW DIVISION

REBUTTAL TESTIMONY

OF

HENRY E. WARREN, Ph.D.

UNION ELECTRIC COMPANY d/b/a AMEREN MISSOURI

CASE NO. ER-2014-0258

Jefferson City, Missouri
January 2015

BEFORE THE PUBLIC SERVICE COMMISSION

OF THE STATE OF MISSOURI

In the Matter of Union Electric Company d/b/a Ameren Missouri's Tariff to Increase Its Revenues for Electric Service	)))	Case No. ER-2014-0258

AFFIDAVIT OF HENRY E. WARREN

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

Henry E. Warren, of lawful age, on his oath states: that he has participated in the preparation of the following Rebuttal Testimony in question and answer form, consisting of 4 pages of Rebuttal Testimony to be presented in the above case, that the answers in the following Rebuttal Testimony were given by him; that he has knowledge of the matters set forth in such answers; and that such matters are true to the best of his knowledge and belief.

Henry E. Warren

Subscribed and sworn to before me this 16th day of January, 2015.

SUSAN L. SUNDERMEYER
Notary Public - Notary Seal
State of Missouri
Commissioned for Callaway County
My Commission Expires: October 28, 2018
Commission Number: 14942086

Notary Public

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CASE NO. ER-2015-0258

Q. Please state your name and business address.

A. My name is Henry E. Warren and my business address is Missouri Public Service Commission, P. O. Box 360, Jefferson City, Missouri, 65102.

Q. Are you the same Henry E. Warren who contributed to Staff's *Cost-of-Service Report* filed December 5, 2014?

A. I am.

1. EXECUTIVE SUMMARY

Q. What is the purpose of your Rebuttal Testimony?

A. I address issues raised by Mr. John Buchanan in Section *III. Recommendations Regarding Ameren Missouri's Biennial Weatherization Program Evaluation* and Section *IV. Federal Low Income Weatherization Assistance Program* of his Direct Testimony regarding the Division of Energy's recommendations for the Low-Income Weatherization program ("weatherization program") of Union Electric Company d/b/a Ameren Missouri ("Ameren Missouri"). Staff supports the weatherization program and continues to support the *Non-unanimous Stipulation and Agreement Regarding Ameren Missouri's Low Income Weatherization Program* ("Nonunanimous Stipulation

and Agreement") in Ameren Missouri's previous rate case, Case No. ER-2012-0166[1] and recommends that its provisions continue.

2. RESPONSE TO DIRECT TESTIMONY OF MR. JOHN BUCHANAN.

Q. To which portion of Mr. Buchanan's Direct Testimony do you take issue?

A. On page 5, lines 6-22, of his Direct Testimony, Mr. Buchanan states that:

> To assist Ameren in its continuing efforts to address the needs of low income residential customers and to help improve or reduce energy consumption that may lead to lower utility bills and timely utility bill payments, the DE recommends that the Commission:
>
> (1) Order the discontinuation of future evaluations of the Ameren weatherization program following the scheduled completion of the July 31, 2015 "second evaluation" identified in the Nonunanimous Stipulation and Agreement Regarding Ameren Missouri's Low Income Weatherization Program from Case No. ER-2012-0166;
>
> (2) Require Ameren to discontinue withholding $60,000 from the $1.2 million that it receives annually from ratepayers to hire an Evaluation, Measurement and Verification (EM&V) contractor for future evaluations;
>
> (3) Require Ameren to return any withheld funds that are in excess of amounts needed to support evaluation contractor expense to be used to provide low income weatherization services; and,
>
> (4) Authorize the removal of paragraph 5. within Ameren's current tariff sheet 175 in the section titled, "ENERGY EFFICIENCY AND DEMAND SIDE MANAGEMENT PROGRAMS", subsection titled "WEATHERIZATION PROGRAM" referencing the weatherization evaluation.

Q. Are Mr. Buchanan's recommendations consistent with the provisions of the Nonunanimous Stipulation and Agreement?

[1]Missouri Public Service Commission Case No. ER-2012-0166, *In the Matter of Union Electric Company, d/b/a* ***Ameren Missouri's Tariff to Increase Its Annual Revenues for Electric Service,*** **Nonunanimous Stipulation and Agreement Regarding Low Income Weatherization Program**, October 15, 2012.

A. No, Staff does not believe that his recommendations are consistent with the provisions of the Nonunanimous Stipulation and Agreement and Staff does not support these recommendations. The primary reason is that Mr. Buchanan's characterization of the federal Low Income Weatherization Assistance Program (LIWAP) in his Direct Testimony (p 6, line 4 – p 7, line 4) is inadequate.

Although all details of the LIWAP cannot be included in his description of the program from its inception in 1977 to 2014, the program is not static and several major changes have occurred over the years. Specifically, under the American Recovery and Reinvestment Act ("ARRA") funding increased for low income weatherization from 2009 to 2015, income eligibility criteria increased from about 140% to 200% of the federal poverty level, the average amount per home weatherized increased from about $3,000 to $6,500, and air quality rules allowed the installment of ventilators to meet new air exchange requirements. These changes remain even though the ARRA funds have been spent, and render all previous evaluations under the old guidelines obsolete. There are also undocumented changes such as improvement in power tools used in weatherization measures. The LIWAP will continue to change because the average expenditure per home is now indexed annually. The expenditure allowed in 2014 is $6,987. Other changes will likely be forthcoming, so there will be a need for evaluations of LIWAP in the future.

Q. Was DE a signatory to the Nonunanimous Stipulation and Agreement?

A. Yes.

Q. Have all of the provisions of the Nonunanimous Stipulation and Agreement been implemented?

A. No. One of the primary goals of the Nonunanimous Stipulation and Agreement was to perform comprehensive evaluations of dual fuel (natural gas and electric customers) so the effect on the household's use of natural gas and electricity could be evaluated.

Missouri is unusual in that only a small number of dual fuel customers are served by one jurisdictional utility, Ameren Missouri. All the other dual fuel customers in Missouri are served by separate gas and electric utilities. As a result, evaluations have been conducted either by the natural gas utility or the electric utility and do not include the effect of the weatherization on both energy sources.

3. STAFF RECOMMENDATION

Q. What is Staff's recommendation?

A. Staff recommends that the Commission specify that the provisions in the Nonunanimous Stipulation and Agreement in Case No. ER-2012-0166 continue, so the dual fuel evaluation weatherization can be completed as scheduled in July 2015, and with the advice of the Stakeholder Group, additional evaluations will be possible.

Q. Does this conclude your Rebuttal Testimony?

A. Yes, it does.