

Exhibit No.:
Issues: Low-Income Weatherization
Witness: Laura Wolfe
Sponsoring Party: Missouri Department of
Natural Resources - Energy
Center
Type of Exhibit: Surrebuttal Testimony
Case No.: ER-2008-0318

SURREBUTTAL TESTIMONY
OF
LAURA WOLFE
MISSOURI DEPARTMENT OF NATURAL RESOURCES
ENERGY CENTER

November 5, 2008

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

UNION ELECTRIC COMPANY d/b/a AMERENUE
RATE CASE

CASE NO. ER-2008-0318

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

2 A. My name is Laura Wolfe. My business address is Missouri Department of Natural
3 Resources, Energy Center, 1101 Riverside Drive, P.O. Box 176, Jefferson City,
4 Missouri 65102-0176.

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

6 A. I am employed by the Missouri Department of Natural Resources as an Energy
7 Specialist in the Energy Policy and Analysis Program in the Missouri Energy Center
8 (MEC). The MEC is located within the Missouri Department of Natural Resources, an
9 agency of state government with its executive office located in Jefferson City,
10 Missouri.

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

12 A. I am testifying on behalf of the Missouri Department of Natural Resources (DNR), an
13 intervenor in these proceedings.

14 **Q. Are you the same Laura Wolfe who filed direct testimony in this case?**

15 Yes.

16 **Q. What is the purpose of your surrebuttal testimony in these proceedings?**

17 A. The purpose of my testimony is to address the rebuttal testimony of AmerenUE witness
18 Mr. Richard Mark regarding the Low-Income Weatherization Assistance Program
19 (LIWAP).

20 **Q. Please summarize DNR's request regarding LIWAP?**

21 A. In my direct testimony, I requested that the Commission order AmerenUE to continue
22 to fund the LIWAP at \$1.2 million annually, the level ordered in AmerenUE's previous
23 rate case, ER-2007-0002. Specifically, I requested that AmerenUE provide \$300,000

1 to DNR to fulfill the 2008 annual funding amount within 5 days of the Report and
2 Order in this case. To date, AmerenUE has remitted only \$900,000 of the annual
3 funding amount of \$1,200,000 to DNR. I also requested that the Commission order
4 AmerenUE to pay \$1.2 million to DNR to fund the LIWAP for the next twelve months
5 by July 5, 2009, and order AmerenUE to provide that amount to DNR by July 5 each
6 subsequent year thereafter. I also recommended that the Commission view the LIWAP
7 as an ongoing program and that annual funding for LIWAP in the amount of \$1.2
8 million not be subjected to interruption.

9 **Q. What level of funding for LIWAP has AmerenUE included in this rate case?**

10 A. AmerenUE has included \$600,000 in this case. In the Commission's Order in
11 AmerenUE's previous rate case, ER-2007-0002, the Commission directed AmerenUE
12 to fund the low-income weatherization program with \$1.2 million annually: \$600,000
13 funded by ratepayers and \$600,000 funded by AmerenUE's shareholders.¹ AmerenUE
14 has included \$600,000 in its rate base in this case to continue the level of funding from
15 its ratepayers. This portion of rate-based funding is consistent with the previous rate
16 case, ER-2007-0002. The \$600,000 annual contribution from stockholders would not
17 be reflected in AmerenUE's cost of service, since it is not passed through to customers
18 through AmerenUE's rates.

19 **Q. Does you think that AmerenUE intends to fund the remaining \$600,000 from**
20 **shareholders?**

21 A. Mr. Mark stated that he does not believe DNR's request for ongoing funding at the
22 level ordered by the Commission is appropriate (Mark rebuttal, p. 7, lines 3-4). Mr.

¹ In the Matter of Union Electric Company d/b/a) AmerenUE's Tariffs Increasing Rates for Electric)
Service Provided to Customers in the Company's) Missouri Service Area, Case No. Case No. ER-2007-0002

1 Mark further stated that shareholder contributions should be made at the discretion of
2 AmerenUE, not the Commission (Mark Rebuttal, p. 7, lines 13-14). Instead, Mr. Mark
3 is asking the Commission to approve \$600,000 in annual funding to be included in
4 rates. Therefore, it appears that AmerenUE is not planning to pay the shareholder
5 portion of \$600,000 on an ongoing basis.

6 **Q. Does DNR have a position on the source of funds?**

7 A. No. In Case No. ER-2007-0002, DNR requested annual funding for LIWAP of \$1.2
8 million based on the unmet need for these services by AmerenUE's low-income
9 customers. DNR did not specify the source of funds in its request and did not request
10 that the funds be split between ratepayers and shareholders. It is DNR's position that it
11 would be appropriate for the cost of demand side programs to be recovered from
12 ratepayers the same way that supply side resources are recovered from ratepayers,
13 subject to prudence review. However, DNR is not taking a position on the source of
14 the funding in this case and respects the Commission's order in ER-2007-0002. DNR
15 is aware that the Commission has authorized the recovery of demand side program
16 costs from ratepayers in other electric and gas utility cases before the Commission.
17 However in this case, DNR is simply requesting that the annual funding commitment
18 from AmerenUE remain at the \$1.2 million level.

19 **Q. Does AmerenUE support DNR's request for ongoing funding for LIWAP that is**
20 **not subject to interruption?**

21 A. No. Mr. Mark stated he does not believe it is prudent to commit beyond AmerenUE's
22 next rate case because the filing of a new rate case places recovery of the funding from
23 ratepayers in question (Mark Rebuttal, p. 7, lines 19-21). Mr. Mark also stated that the

1 Commission cannot bind future Commissions to including this contribution in rates
2 (Mark rebuttal, p. 7, line 23 to p. 8, line 1).

3 **Q. Do you agree?**

4 A. No. The Commission would not bind future Commissions to this level of funding for
5 LIWAP if it required AmerenUE to continue this level of annual funding until such
6 time as a future Commission ordered AmerenUE to stop funding the program. Future
7 Commissions would always have the option of discontinuing funding for the program.
8 In fact, the Commission has used this approach and approved ongoing funding for the
9 LIWAP in other cases. In Case No. GR-2005-0284 for Laclede Gas Company, the
10 Commission approved a Stipulation and Agreement that states:

11 **1. Low Income Weatherization Program**

12 The parties agree that Laclede will set aside and expend \$500,000 (\$300,000 of the
13 existing program and another \$200,000) annually to fund its existing low-income
14 weatherization program consistent with federal weatherization assistance program
15 guidelines. Those guidelines prescribe low income weatherization assistance for
16 households with incomes ranging from 0% to 150% of the federal income poverty
17 guidelines. Laclede will make the payment to Community Action Agencies
18 operating within Laclede's service territory for the benefit of Laclede's low income
19 residential customers. *Annual set aside and expenditure for this initiative shall*
20 *continue until terminated by valid action by the Commission.*"² (emphasis added)
21

22 I believe this same approach should be used in this case to provide stability for LIWAP
23 funding without interruption as a result of the filing of rate cases.

24 **Q. Is there anything else?**

25 A. Yes. In Case No. ER-2007-0002, the Commission authorized AmerenUE to use a
26 regulatory asset account for demand side management program cost recovery.³

² Stipulation and Agreement Attachment 5 "Energy Efficiency and Conservation Programs Laclede Gas Company GR-2005-0284", filed August 5, 2008, approved by Commission order issued September 30, 2005.

³ In the Matter of Union Electric Company d/b/a) AmerenUE's Tariffs Increasing Rates for Electric) Service Provided to Customers in the Company's) Missouri Service Area, Case No. Case No. ER-2007-0002, Stipulation and Agreement as to Certain Issues/Items, filed 3/15/07.

1 Because LIWAP is an energy efficiency program, this mechanism could be used to
2 include portion(s) of LIWAP expenditures that may not be fully recovered due to filing
3 of a new rate case. In this way, there would be no need to interrupt annual funding for
4 LIWAP.

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

6 A. Yes, it does.