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| Exhibit No.: | _______________ |
| Issue(s): | PrePay Pilot Program |
| Witness/Type of Exhibit: | Marke/Rebuttal |
| Sponsoring Party: | Public Counsel |
| Case No.: | EO-2015-0055 |

# REBUTTAL TESTIMONY

# OF

# GEOFF MARKE

Submitted on Behalf of
the Office of the Public Counsel

## UNION ELECTRIC COMPANY D/B/A AMEREN MISSOURI'S

## Case No. EO-2015-0055

February 2, 2018

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

| | | |
|---|---|---|
| In the Matter of Union Electric Company d/b/a Ameren Missouri's 2nd Filing to Implement Regulatory Changes in Furtherance of Energy Efficiency as allowed by MEEIA | ) ) ) ) ) | EO-2015-0055 |

**AFFIDAVIT OF GEOFF MARKE**

STATE OF MISSOURI )
) ss
COUNTY OF COLE )

Geoff Marke, of lawful age and being first duly sworn, deposes and states:

1. My name is Geoff Marke. I am a Regulatory Economist for the Office of the Public Counsel.

2. Attached hereto and made a part hereof for all purposes is my rebuttal testimony.

3. I hereby swear and affirm that my statements contained in the attached affidavit are true and correct to the best of my knowledge and belief.

Geoff Marke
Geoff Marke
Chief Economist

Subscribed and sworn to me this 2nd day of February 2018.

NOTARY PUBLIC NOTARY SEAL STATE OF MISSOURI
JERENE A. BUCKMAN
My Commission Expires
August 23, 2021
Cole County
Commission #13754037

Jerene A. Buckman
Jerene A. Buckman
Notary Public

My commission expires August 23, 2021.

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**OF**

**GEOFF MARKE**

**UNION ELECTRIC COMPANY**

**d/b/a/ Ameren Missouri**

**CASE NO. EO-2015-0055**

# I. INTRODUCTION

**Q. Please state your name, title and business address.**

A. Geoffrey Marke, PhD, Chief Economist, Office of the Public Counsel ("OPC or "Public Counsel"), P.O. Box 2230, Jefferson City, Missouri 65102.

**Q. Please describe your experience and qualifications.**

A. I have been in my present position with OPC since April of 2014 where I have been responsible for economic analysis and policy research in electric, gas and water utility operations. Prior to joining OPC, I was employed by the Missouri Public Service Commission and before that the Missouri Department of Natural Resources (later transferred to the Department of Economic Development). I have also worked in the private sector as the Lead Researcher for Funston Advisory based out of Detroit, Michigan. My experience with Funston involved a variety of specialized consulting engagements with both private and public entities. I have a PhD in Public Policy Analysis and Administration from Saint Louis University.

**Q. Have you testified previously before the Missouri Public Service Commission?**

A. Yes. A listing of the cases in which I have previously filed testimony and/or comments before the Commission is attached in GM-1.

**Q. What is the purpose of your rebuttal testimony?**

A. The purpose of this testimony is to respond to direct testimony of Ameren Missouri ("Ameren" or the "Company") witness William ("Bill") R. Davis request for approval of the Company's

Flex Pay Pilot ("prepay") program as a long-lead time project[1] as part of its Missouri Energy Efficiency Investment Act ("MEEIA") Cycle II portfolio.

**Q. Please summarize the Company's request.**

A. The Company is requesting approval of a MEEIA Cycle II pilot program in the form of a prepay billing scheme. The Company's argument is that the results of the pilot could serve to inform the Commission and stakeholders of the potential to include prepay billing as a future energy efficiency earnings opportunity for the Company. Mr. Davis describes the program as follows:

> The Flex Pay [PrePay] Pilot is a behavioral energy efficiency program that offers enhanced communications and payment flexibility to help participating customers reduce their energy usage. The Flex Pay Pilot promotes energy efficiency by raising awareness through dramatically enhanced communications that deliver proactive, actionable, and timely information and guidance that will drive positive behavior in a manner that encourages participants to reduce their energy consumption.[2]

Stated differently, participants pre-pay for electric service and are then given electronic price updates[3] signaling the subsequent reduction in their prepaid reserve balance based on energy usage. The loss aversion of these pre-paid funds is argued to elicit subsequent rationing of energy use by the participant which the Company then hopes to claim as MEEIA-induced "savings" and thus qualify as an energy efficiency measure.

Mr. Davis describes the three-step "transactional interaction" (aka, prepay) cycle as follows:

- In Step 1, participating customers will be able to add money to their accounts,
- In Step 2, participating customers will manage energy usage for the associated premises.

[1] A "long-lead time" project denotes a MEEIA program that will continue beyond the approved time frame of what was approved by the Commission. To date, long-lead time programs have been limited to custom commercial programs.

[2] Direct Testimony of William ("Bill") R. Davis p. 2, 12-18.

[3] These include a choice of two of the following options: mobile app, email, text message, voice automation, or push notification.

- In Step 3, participating customers will view or monitor the account balances and review communications with actionable usage advice as they manage their electric usage, and then determine when it is appropriate to start the cycle again at Step 1.[4]

**Q. Does OPC believe Mr. Davis's "Transactional Interaction" cycle is described in its entirety?**

A. No. OPC would argue that Mr. Davis omits three additional steps, including:

- In Step 4, participating customers risk loss of service through "self-disconnection" (aka "automatic zero balance disconnection" or "failure to pay").
- In Step 5, participating customers deposit money for reconnection of service as well as pay (an as of yet undetermined amount of) additional "transactional fees" to a third-party processor resulting in both a lower quality and more expensive service for a comparable customer outcome.

And if the pilot is approved and rolled out into a MEEIA Cycle III:

- In Step 6, all customer's bill increase overall to compensate utility for costs to administer and deploy program, the throughput disincentive (or "estimated" lost revenues incurred from deprivation of service) and the financial reward to shareholders for realized earnings opportunity via an embedded MEEIA surcharge.

**Q. Please state OPC's recommendation.**

A. Ameren Missouri should withdraw its proposal. To be clear, nothing is preventing Ameren Missouri ratepayers from prepaying their electric bill today. The three steps Mr. Davis describes above already exist. Better yet, they exist without the resulting customer marginalization found in steps 4, 5 and 6.

Prepay billing is not in the public interest nor is it eligible to be a Commission-approved MEEIA pilot program. OPC recommends that the Commission reject this proposal outright as prepay billing relies on the threat and/or the realization of deprivation of service to induce its

[4] Ibid. p. 3, 10-16.

"savings." Deprivation of service cannot qualify as a demand-side program per the Commission's own MEEIA rules as described in 4 CSR 240-20.092 (1) (M) which states:

> Demand-side program means any program conducted by the utility to modify the net consumption of electricity on the retail customer's side of the electric meter, including, but not limited to, energy efficiency measures, load management, demand response, and interruptible or curtailable load, **<u>but not including deprivation of service</u>** or low-income weatherization. (emphasis added).

Much of the espoused "efficiency savings" of prepay could be accomplished without resorting to the fear, or realization of disconnection. Nothing is preventing the Company from providing more frequent, transparent price signals to ratepayers[5] or by requesting a more demand-side friendly rate design[6] in its next rate case. Those methods would accomplish much of the probable "energy savings" outcomes without exposing ratepayers to negative outcomes. Equally important, nothing is preventing ratepayers from "prepaying" for their service today without the fear of rationing or discontinuation of service.

**Q. Does OPC find the timing of this request concerning?**

A. OPC believes the timing and venue for this proposed pilot is objectionable. The Company's attempt to shoe-horn this pilot into the remaining final months of its Cycle II portfolio while simultaneously seeking buy-in from stakeholders for its MEEIA Cycle III application is disappointing. Ameren Missouri should withdraw its application and reengage conversations with stakeholders on how best to spend down its unspent Commission-approved "Research and Development" ("R&D") funds approved for MEEIA Cycle II in the limited time still available. If the Company wants to pursue changes in its billing practices, it should seek to accomplish this in the context of its next rate case.

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[5] See ER-2016-0179 Direct Testimony of Geoff Marke p. 3, 3 to p. 19.
[6] See ER-2016-0179 Rebuttal Testimony of Geoff Marke p. 2, 11 to p. 5, 21.

## II. RULE-MAKING

**Q. Please provide some working definitions for energy efficiency, energy conservation and energy deprivation.**

A. According to the U.S. Energy Information Administration ("EIA"):

> **Efficiency and conservation are different but related**
>
> The terms *energy efficiency* and *energy conservation* have distinct meanings:
>
> **Energy efficiency** is using technology that requires less energy to perform the same function. Using a compact fluorescent light bulb that requires less energy instead of using an incandescent bulb to produce the same amount of light is an example of energy efficiency.
>
> **Energy conservation** is any behavior that results in the use of less energy. Turning the lights off when leaving the room and recycling aluminum cans are both ways of conserving energy.[7]

**Energy deprivation** has been defined as "a lack of adequate energy services in the home, with associated discomfort and difficulty," as well as "the inability to attain a socially and materially necessitated level of domestic energy services." [8,9]

All three: efficiency, conservation and deprivation will usually result in fewer kWh produced. But each gets there by decidedly differently means.

**Q. Please provide some context for energy efficiency.**

A. The promotion of energy efficiency is largely based on the promotion of efficient end-use measures (e.g., lightbulbs, HVACs, insulation, etc…). This is primarily achieved through

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[7] EIA (2016) Uses of energy in the United States explained: Energy Efficiency and Conservation. https://www.eia.gov/energyexplained/index.cfm?page=about_energy_efficiency

[8] Bouzarovski, S. & S. Petrova (2015) A global perspective on domestic energy deprivation: Overcoming the energy poverty-fuel poverty binary. Energy Research & Social Science. 10: 31-40. https://www.escholar.manchester.ac.uk/api/datastream?publicationPid=uk-ac-man-scw:261257&datastreamId=POST-PEER-REVIEW-PUBLISHERS.PDF

[9] Soloman, B.D. & Calvert K.E. (2018) *Handbook on the Geographies of Energy*. P. Edward Elgar Publishing. p. 428

ratepayer subsidized rebates. The energy efficiency rebate has historically been the focal point for achieving both energy and demand savings in MEEIA programs. However, programs have also been designed where the utility controls certain participant end use measures and "calls on them" during peak events (e.g., KCPL's smart thermostat program).[10] These programs differ from the traditional rebate incentives in at least two meaningful ways. First, the participant is given the efficient end-use measure free of charge (or at significantly reduced costs) in exchange for the utility's ability to interrupt their service. This arrangement is similar to large commercial load curtailment programs which financially reward participants for allowing the utility the ability to reduce the participant's energy load during peak events.[11] Second, "the event" does not conclude with a disconnection of service. After the peak time lapses (or the called event ends) full service may resume at the participants discretion. This arrangement can create a unique situation where load is merely shifted. That is, a participant who knows an event is going to be called at 2:00 pm on a hot mid-July day may pre-cool their home before 2:00 pm. The net result is more kWh (energy) and less kW (demand).

**Q. What about energy conservation?**

A. Whether or not energy conservation falls under the scope of MEEIA is less clear. It could be argued that behavioral modification programs, such as OPower (bill inserts that compare your energy use to "your neighbors"), could be considered energy conservation measures. OPower's mail insert does not provide any efficient energy service per se, but it may induce a behavioral response in the participant which directly results in energy savings. For example, an OPower recipient may be more likely to turn off the lights when they are not home, but these behavioral modification savings should not be automatically assumed.[12]

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[10] Whether or not the utility should be allowed to claim "demand savings" indefinitely into subsequent MEEIA filings is less clear.

[11] Additional dialogue is warranted as to whether or not load curtailment programs constitute appropriate MEEIA programs.

[12] As evident from the first-year results from Ameren Missouri's Home Energy Report ("HER") which produced minimal savings at approximately one-third the amount compared to other benchmark utilities in its first six months. See also EO-2015-0055, Cadmus (2017) Ameren Missouri Home Energy Report Impact and Process Evaluation: Program Year 2016 p. 50

**Q. What about energy deprivation?**

A. A prepay billing program would be an example of an energy deprivation program because the energy savings are produced through rationing and the fear of, or as a result of, actual disconnection of service. Energy deprivation programs (prepay billing) have never been considered a MEEIA program. This is because prepay billing is essentially a credit and collections tool, and has to date, almost universally been marketed as such by other utilities.[13] Missouri PSC approval would represent an almost complete departure from how the Commission has treated both demand-side management *and* billing practices to date.[14]

**Q. Did OPC request the modification to 4 CSR 240-20.092 (1) (M) in the Commission's most recent MEEIA rulemaking in EX-2016-0334?**

A. Yes. OPC filed comments, proposed language and provided live testimony on the record in support of our filing. In OPC's on the record opening, Mr. Tim Opitz, OPC's legal counsel at the hearing stated:

> To Public Counsel, you know, I believe it's clear that there's no intention for the Commission or for the Legislature -- they didn't intend utilities to pursue programs that would cause something like a deprivation of service or that would cause customers to receive something that's a -- a lesser quality of service than what they receive absent the energy efficiency program, which is why Public Counsel in its draft proposes to add the words the same or better before the word end use in the definition of energy efficiency as it fits in the draft rules. I don't view this as extending or constricting what the statutory definition is, but I view it as an important clarification that is appropriate to make within the rules.
>
> If you look at Slide 9, or page 9, there's a .4, 393.1075.4 adds more information for the Commission to consider about the programs. Not every program that reduces

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[13] The ability to remotely disconnect with limited or no notice effectively minimizes the utilities obligation to work with customers who have challenges making ends meet and have trouble paying all of their utility bills on time.

[14] It is OPC's understanding that Union Electric had a prepay pilot billing program in place for a short-period of time in the 1980's. Time and resource constraints prevented OPC from researching the details of that short-lived program.

> the customer's energy consumption should necessarily be pursued by the utility and paid for by all customers. The programs, unless they are low income, must be cost effective and they must be Commission approved. You know, I think part of the Commission approval aspect is important, you know, when it comes to there may be deprivation of service programs that could be proposed. And I would hope that the Commission would reject that kind of program if it were proposed.[15]

Later during the hearing, I provided additional context, shown here, from the same transcript:

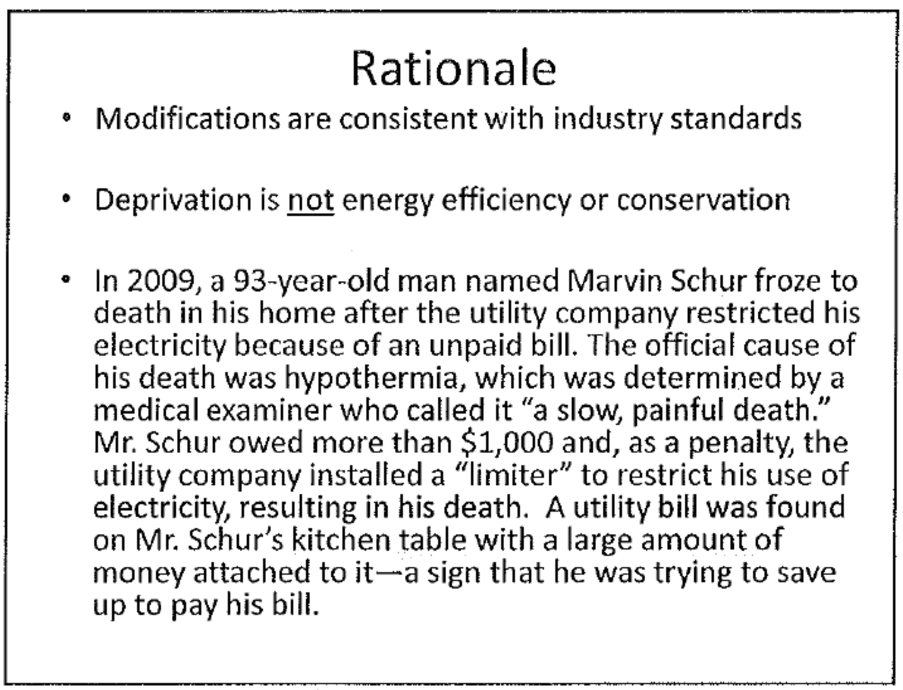
> We did offer the following language for deprivation of service on -- and for low income weatherization, and we carried this analogy both for energy efficiency where we added the term the same or better given end use. And for measure, the same or better levels. These modifications are consistent with industry standards. I want to stress this point this has been a bone of contention for me personally. Deprivation is not energy efficiency or conservation. And nobody in any of the comments or anything else has brought this issue or -- or suggested as much.
>
> Our biggest concern centered on if we are changing the idea of that definition as just reductions, this could encompass people being shut off. And –
>
> JUDGE WOODRUFF: Can you explain that more for me? Are people proposing such programs?
>
> DR. MARKE: In some states, there has been a move to push forward prepaid programs as an energy efficiency measure. **The idea is that consumers would go ahead and put a hundred dollars onto a credit card, a prepaid card. After they've utilized a hundred dollars, their energy effectively gets shut off. Our concern is a measure like that has no business as far as being framed as an energy efficiency measure.** (emphasis added)

[15] EX-2016-0334, Tr. p. 55, 24-25, p. 56 and p. 57, 1-3.

Again, there's a difference between energy efficiency, conservation, which is I'm taking the active decision to turn off my power or one where I'm being forced to take off my power. I just pulled up the first example that I could come up with. But a quick Google search of people that have fallen fatal to this practice is well-documented.

In 2009 in Michigan, Marvin Schur froze to death. The utility bill was found on Mr. Schur's kitchen table with a large amount of money attached to it as a sign that he was trying to save up to pay his bill. There may be a place in the dialogue for prepay and that sort of form. We just do not --we categorically do not believe there's any place for that in the context of MEEIA. (see Figure 1 for accompanying slide from on-the-record presentation)[16]

Figure 1: Example of prepay billing to "but not including deprivation of service"




[16] EX-2016-0334, Tr. p. 95, 8-25, p. 96 and p. 97, 1-4

**Q. Did Ameren Missouri file comments in EX-2016-0334?**

A. Yes, on April 27, 2017 Ameren Missouri filed 25 pages of comments as well as three attachments.

**Q. Who was Ameren Missouri's representative for the on-the-record rulemaking hearing in EX-2016-0334?**

A. Bill Davis.

**Q. Did Mr. Davis provide on-the-record testimony at the hearing?**

A. Yes.

**Q. Did Mr. Davis (or Ameren Missouri) object to OPC's position on this topic at any point?**

A. No. In fact, <u>no party objected to OPC's proposed language</u> of "not including deprivation of service" nor did any party publically take issue with the illustrative example of the link between "deprivation of service" and "prepay billing."

**Q. What was the Commissions response to OPC's request?**

A. The Commission agreed. The *Summary of Comments* as well as the *Response and Explanation of Change* in EX-2016-0334 for 4 CSR 240-20-092 (1) (M) states:

> COMMENT #7: Subsection 20.092(1)(M) defines "demand-side program." The term "demand-side program" is defined by statute at section 393.1075.1(3), RSMo 2016. The proposed definition of that term in the rule expands upon the statutory definition by adding a reference to combined heat and power and distributed generation from the definition because they do not necessarily modify the net consumption of electricity on the retail customer's side of the electric meter, and therefore, do not meet the statutory definition. The Division of Energy and Renew Missouri urge the Commission to retain combined heat and power and distributed generation in the definition, and the Division of Energy would add "conservation voltage reduction" as an example of an eligible demand-side measure. **<u>Public Counsel would</u>** retain "combined heat and power" but not "distributed generation." It would **<u>also add language indicating that demand-</u>**

**side program does not include "deprivation of service or "low-income weatherization."** (emphasis added)

RESPONSE AND EXPLANATION OF CHANGE: Staff is correct, combined heat and power and distributed generation should be removed from this definition. While combined heat and power and distributed generation may qualify for a demand-side program under some circumstances, they should not be included in a definition of demand-side program as if they would always qualify. Division of Energy's proposal to add an additional example of a qualifying program will not be adopted because it is not necessary to include a comprehensive list of qualifying programs in this definition. **Public Counsel's proposal to exclude deprivation of service and low income weatherization from the definition is appropriate and will be adopted.** (emphasis added)

**Q. Do you think "deprivation of service" could have referred to some other energy efficiency measure? Something other than prepay?**

A. I cannot think of anything else. I am also confident the Commission did not intend it to be something else because no other examples or explanations were given during the rulemaking to suggest otherwise.

## III. EXPERIENCE OF PREPAY IN OTHER U.S. STATES

**Q. Have any state Commissions approved a prepay program as an earnings opportunity-related energy efficiency program?**

A. No. I do not know of any state Commission that has approved an energy deprivation program as part of a utilities demand-side management portfolio. Mr. Davis cites several investor-owned utilities that are in various stages of consideration or possible development but he does not expound on the status of these programs or whether they are being marketed as an energy efficiency program, a low-income program, a customer collections program or something else.[17] One utility he references, Westar Energy ("Westar")," has already been ordered to cease its pilot prepay bill collections program. The Kansas Corporation Commission ("KCC") Order states:

> The Commission agrees with both Staff and CURB that Westar's Status Report fails to demonstrate sufficient benefits of the Prepay Program to make it permanent. Westar fails to provide an estimate of how much of the $305,604 arrears debt collected through the Prepay Program would not been collected absent the Prepay Program. Without such an estimate, there is no way to know how much, if any, of the $305,604 collected through the Prepay Program would have been recovered by Westar through other means.
>
> By its admitted failure to produce a traditional, program-specific cost benefit analysis, Westar cannot demonstrate the efficacy of the pilot program and certainly cannot meet its burden to prove establishing a permanent Prepay Program is justified. Westar has not presented a sufficient record to justify making the Prepay Program permanent. Accordingly, the Commission denies Westar's Motion to Convert Prepay Pilot Program into Permanent Program.[18]

**Q. Do you know of any other Commission rejections of prepay programs?**

A. Yes. Both Massachusetts, the #1 ranked, and California, the #2 ranked "Energy-Efficient State" on the American Council for Energy-Efficient Economy's ("ACEEE") *2017 State Energy Efficiency Scorecard* have previously rejected utility proposals for prepay billing.[19] In November 2013, the California Public Utilities Commission ("CPUC") rejected a proposal from San Diego Gas and Electric ("SDGE") for a prepay plan, citing concerns that the proposed plan would induce customers to forgo essential consumer protections and that

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[17] Direct Testimony of Bill Davis, p. 14, 2-7.

[18] Order Denying Motion to Convert Prepay Pilot Program into a Permanent Program. The State Corporation Commission of the State of Kansas. Docket No. 14-WSEE-148-TAR. See also GM-2.

[19] Berg, W. et al. (2017) The 2017 State Energy Efficiency Scorecard. ACEEE http://aceee.org/sites/default/files/publications/researchreports/u1710.pdf

some would not receive secure notification of impending disconnection.[20] And in 2009, Massachusetts Department of Public Utilities dismissed Western Massachusetts Electric Co. request for a prepay program, stating that the plan would have unfairly targeted low-income customers.[21]

I will provide an updated list on additional investor-owned utilities in my surrebuttal testimony if necessary, that being said, I do know that the overwhelming majority of electric utilities that have prepay in place are cooperative utilities ("co-ops"). Of course, co-ops are not profit-seeking and typically have little to no regulatory oversight. This is an important distinction.

**Q. Please explain.**

A. A co-op strives to operate at cost because it is owned by its members who are also its customers. Because the members are owners of the co-op, when the co-op has net earnings (i.e., revenues exceed expenses), or margins, those margins are returned to members at the end of the year.

**Q. Have other environmental or consumer advocates publically opposed prepay billing?**

A. Yes. Natural Resource Defense Council and the Financial Research Institute ("FRI") Crystal Award winner for Distinguished Contribution, Ralph Cavanagh stated that:

> Prepaid service is inappropriate for low-income and other vulnerable households, even though consumption reduction has been observed in prepaid service customers. **We do not want what is at least being presented as an energy efficiency approach to be hijacked for that purpose**.[22] (emphasis added)

Sierra Club's Senior Campaign Representative for Energy Efficiency, Jennifer Miller stated:

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[20] 11-10-002. Application of San Diego Gas & Electric Company (U902E) For Authority to update Marginal Costs, Cost Allocation, and Electric Rate Design.
http://docs.cpuc.ca.gov/PublishedDocs/Efile/G000/M081/K989/81989700.PDF

[21] Ailworth, E. (2009) Plan for prepaid electricity rejected. *The Boston Globe.*
http://archive.boston.com/business/articles/2009/07/23/mass_rejects_utilitys_prepayment_plan_for_low_income_customers/

[22] Garthwaite. J. (2014) Prepay plans for electricity offer alternative to the usual monthly power bill. *National Geographic*. https://news.nationalgeographic.com/news/energy/2014/06/140604-pre-paid-electricity-billing-plans-help-or-hurt-consumers/

> **<u>This is an issue of economic justice</u>**. When they end up saving energy, it's because of how difficult it is to pay. It's deprivation, not conservation. . . . **<u>Utilities are trying to justify easier billing arrangements for themselves under the guise of energy efficiency and conservation.</u>**"[23] (emphasis added)

Additionally, the National Association of State Utility Consumer Advocates ("NASUCA") issued Resolution 2011-3: *Urging States to Require Consumer Protections as a Condition for Approval of Prepaid Residential Gas and Electric Service* that recommends a minimum of 12 conditions that should be met to ensure appropriate consumer protections.[24]

## IV. PROGRAM DESIGN: COST-EFFECTIVENESS, LOW-INCOME & NON-ENERGY COSTS

**Q. Does Ameren Missouri claim that the prepay pilot program is cost-effective?**

A. No. Ameren states the program scored a TRC of 0.17 for the pilot; however, Mr. Davis suggests that a "fully launched program" could achieve a TRC of 1.41.

**Q. Do you agree?**

A. No. Due to time and resource constraints, OPC has not had an opportunity to fully vet the Company's work papers on this point. If surrebuttal testimony is necessary, we will file follow-up comments on our findings. That being said, even without examining the work papers, OPC can confidently state that the cost-effective scores espoused by Mr. Davis are inaccurate.

**Q. Please explain.**

A. The Company has provided no cost information on the payment processing fees for participants, that is, how much money participants are charged to reestablish service or to add more money onto their balance. Unlike an efficient light bulb, prepay billing penalizes participants who are "poor" at budgeting and rationing. The TRC test will be skewed towards

[23] Ibid.
[24] See GM-3. And/or NASUCA (2011) Consumer Protection Committee. Resolution 2011-3. https://nasuca.org/urging-states-to-require-consumer-protections-as-a-condition-for-approval-of-prepaid-residential-gas-and-electric-service-2011-03/

a positive ratio if selective participant costs are omitted from the calculation. The Commission should also consider that the inability to calculate a cost-effectiveness score was one of the primary reasons the KCC rejected Westar's prepay program.[25]

In addition to the uncertainty surrounding the appropriate inputs into the cost effective test, if the Commission elects to explore the cost-effectiveness of a deprivation program, OPC will insist that both participant and non-participant non-energy costs ("NEC's") be a required input. This would be consistent with the recent Commission ruling that non-energy benefits ("NEB's") be considered if quantifiable and shown to provide savings (or in NEC's case—costs) for all ratepayers.

**Q. What do you mean by non-energy costs?**

A. NEC's include direct costs to participants in utility demand-side programs, including but not limited to: decreased productivity, decreased tenant satisfaction, decreases in comfort, health and safety of participants and their families; and indirect costs to society at large, including but not limited to: job loss, increased social service and/or health care costs, retardation of economic development, reduced public safety, increased emission related health care costs, and other environmental costs.

**Q. Doesn't Ameren Missouri's prepay program provide some low-income consumer protections?**

A. Yes. The prepay pilot program description states:

> Low income participants will never be disconnected for non-payment, however on the 9th day of non-payment they will be removed from the pilot and returned to post-pay status. . . . The pilot program will also offer an incentive for low-income customers to maintain a positive balance.[26] Participants in the pilot program will have a built-in

[25] See GM-2.
[26] For low income participants, the Program will add $0.25 to each low-income participant Flex Pay account for each day their account balance is above $0.

repayment option for any potential arrearages: 25% of subsequent prepayments will be applied to the arrearage to assist the customer in reducing any past due balances.[27]

**Q. What is OPC's response?**

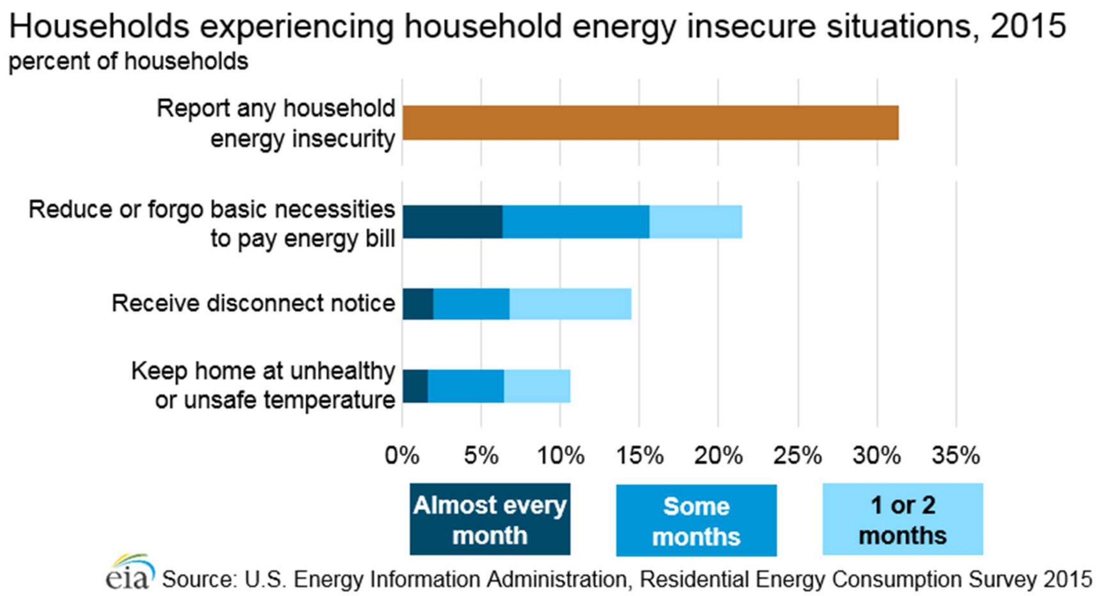
A. It is not entirely clear what the qualifying threshold is for a "low-income" participant. Likely, this would only apply to a very specific type of assistance such as LIHEAP. As such, OPC has grave concerns regarding the administrative process in determining who qualifies as "low income" and who doesn't. It is also unclear how Ameren Missouri proposes to verify eligibility status. Controlling a very small sample population, as proposed in the pilot, is not an insurmountable task; however, scaling the program up to the greater Ameren Missouri footprint will pose greater risk for a billing scheme that has historically targeted unbanked and underbanked populations.[28]

**Q. Do you have a sense of how many households struggle paying their energy bills?**

A. A lot, according to most recent US Energy Information Administration's ("EIA") Residential Energy Consumption Survey ("RECS") which was recently released in October of 2017. Some of those results are shown in figure 2.

[27] Direct Testimony of William (Bill) Davis. Schedule WRD-DIR-1-2.
[28] Federal Deposit Insurance Corporation (2014) 2013 FDIC National Survey of Unbanked and Underbanked households. https://www.fdic.gov/householdsurvey/2013report.pdf

Figure 2: One in three U.S. households faced challenges in paying energy bills in 2015




According to the US EIA RECS data:

- Nearly one-third (31%) of U.S. households reported facing a challenge in paying energy bills or sustaining adequate heating and cooling in their home;
- About one in five households reported reducing or forgoing basic necessities like food and medicine to pay an energy bill and 14% reported receiving a disconnection notice for energy service;
- 11% of households surveyed reported keeping their home at an unhealthy or unsafe temperature;
- Of the 25 million households that reported forgoing food and medicine to pay energy bills, 7 million faced that decision nearly every month;
- Of the 17 million households who reported receiving a disconnection notice, 2 million answered that this occurred nearly every month;
- The 2015 RECS results show that seven million households (6% of the national total) experienced the inability to use heating equipment at some point in 2015 and 6 million (5%) experienced the loss of air conditioning; and

- These issues occurred during a year when overall energy-related expenditures were at their lowest point in over a decade.[29]

**Q. Do you have other low income concerns?**

A. Historically, electric bill payment has functioned as a kind of short-term credit by allowing customers to pay for service at the end of the month after they have used it. Along with that "flexibility," ratepayers are afforded certain consumer rights surrounding disconnection for non-payment.[30] These provisions can be crucially important when one considers that most American's are living paycheck to paycheck[31] and are unlikely to have enough savings to cover an unforeseen emergency expense.[32]

Most energy-related public-assistance programs have been designed to help keep low-income customer's power turned on based on the payment after usage mirroring the conventional utility billing paying platform. At a minimum, it seems likely that introducing prepay billing with LIHEAP assistance would present potential tracking challenges and impose additional regulatory complications for social service agencies and/or complementary non-profits. It is also unclear whether LIHEAP funds could cover any of the transactional fees imposed by this service.

This type of program will have broad implications. For example, remote disconnection or extreme rationing of service will, no doubt, complicate Missouri's social service workers already challenging jobs in determining potential child abuse and neglect due to the design of

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[29] US EIA (2017) Residential Energy Consumption Survey Press Release October, 31, 2017 https://www.eia.gov/consumption/residential/reports/2015/energybills/

[30] Missouri Public Service Commission. (2018) Consumer Bill of Rights https://psc.mo.gov/CMSInternetData/ConsumerInformation/Consumer%20Bill%20of%20Rights.pdf

[31] According to a 2017 national survey by Harris Poll, 78% of respondents say they're living paycheck to paycheck. See also: https://www.prnewswire.com/news-releases/living-paycheck-to-paycheck-is-a-way-of-life-for-majority-of-us-workers-according-to-new-careerbuilder-survey-300507073.html

[32] According to the U.S. Federal Reserve's *Report on the Economic Well-Being of U.S. Households in 2016* (the most recent survey) "Forty-four percent of adults say they could not cover an emergency expense costing $400, or would cover it by selling something or borrowing money" see also: https://www.federalreserve.gov/publications/files/2016-report-economic-well-being-us-households-201705.pdf

the energy deprivation program. These concerns also apply to Missouri's senior population as well as other vulnerable populations.

## V. RESEARCH & DEVELOPMENT

**Q. Please summarize the intent behind the Research and Development ("R&D") funds for MEEIA Cycle II programs.**

A. According to the non-unanimous stipulation and agreement entered into by parties prior to Commission approval of Ameren Missouri's MEEIA Cycle II:

> Research and Development Budget. Ameren Missouri will include $1.5 million in the $158.18 million MEEIA 2016-2018 budget to fund additional research and development on energy efficiency and demand response. These additional costs will be recovered through the DSIM as part of the budget for the Research & Development program.[33]

**Q. Have stakeholders held discussions regarding Ameren Missouri's R&D funds?**

A. Yes. There was a strong push from stakeholders for Ameren Missouri to spend down its funding towards an on-bill financing program similar to what is in place in Ameren Illinois. For a variety of reasons, this project was ultimately abandoned in September due to cost-effectiveness concerns.

**Q. Did stakeholders nominate additional pilot projects for consideration?**

A. Yes. On October 11, 2017 OPC emailed Ameren Missouri and relevant stakeholders on an alternative R&D project targeting crisis and/or homeless shelters that are billed at the Small General Service Rate No. 2(M). Over the next twelve days, a series of email suggestions from parties including the Missouri Public Service Commission Staff ("Staff"), the Missouri

[33] EO-2015-0055 In the Matter of Union Electric Company d/b/a Ameren Missouri's 2nd Filing to Implement Regulatory Changes in Furtherance of Energy Efficiency as Allowed by MEEIA. Non-Unanimous Stipulation and Agreement 2/5/2016 p. 5.

Division of Energy ("DE") and Renew Missouri ("Renew") all emailed Ameren Missouri, and Bill Davis specifically with relevant input.[34]

**Q. Did Ameren Missouri respond?**

A. No, they did not. At least not to OPC. Roughly forty days later. Ameren Missouri filed its application for the prepay pilot program suggesting that the outstanding balance from the unspent R&D funds could be utilized for this deprivation program.

**Q. Has Ameren Missouri engaged stakeholders on its pending MEEIA 3 filing?**

A. Yes they have. A considerable amount of time in 2017 was spent by all parties discussing the future application. This underscores OPC's disappointment in the timing (right before its MEEIA 3 application) and venue (in a concluding MEEIA Cycle II portfolio and not in a rate case) of this request. No doubt, much of the goodwill that was created in 2017 has now been eroded by Ameren Missouri's insistence on pushing forward with prepay as a MEEIA program. Instead of working with stakeholders towards a potential non-contested Cycle III application in which literally hundreds of millions of dollars in associated costs and benefits are on the line, we are instead litigating an unfortunate proposal that is in violation of the Commission's rules.

**Q. But the money is supposed to be spent on "research" and "development." Doesn't prepay fit into that category?**

A. Putting aside my objections to this pilot as a MEEIA program, I am not entirely sure that the proposed pilot would be considered acceptable or appropriate research due to the potential unacceptable risks posed to the "human subjects." A proper, ethical measuring stick on what constitutes appropriate human research is whether or not the research would be approved by an Institutional Review Board ("IRB" also known as an independent ethics committee, ethical review board, or research ethics board). An IRB is an independent committee that reviews the proposed research methods to ensure that they are ethical and proper steps are taken to protect

[34] See GM-4 for the details of each individual email within that chain which also included OPC.

the rights and welfare of the humans participating as subjects in the research study.[35] Many countries have established IRBs in order to safeguard ethical conduct, involving research with vulnerable populations.

In accord with the National Research Act of 1974, an IRB may only approve research for which the risks to subjects (individuals) are balanced by potential benefits to society, and for which the selection of subjects presents a fair or just distribution of risks and benefits to eligible participants.[36]

As it stands, I believe the uncertainty surrounding the eligibility and enforcement of the "low income" designation would give most IRB's pause before granting approval. Again, nothing is preventing ratepayers from prepaying their electric bill and checking their online account frequently. And nothing is preventing the Company from providing more frequent and transparent price signals. The entirety of this "research" seems to rest on the fear and/or realization of disconnection of service, which can lead to host of physical and psychological harms.

**Q. Would Ameren Missouri have to get IRB approval to continue this?**

A. Again, OPC does not believe that this pilot program is eligible as a MEEIA program. An IRB approval is required for any research involving human subjects by institutions, groups, or individuals whose research receives support, directly or indirectly, from the United States federal government. Additional inquiry may be required to see whether or not Ameren Missouri would be legally required to have IRB approval in addition to Commission approval.

**Q. Do you have any final comments to make on this issue?**

A. The Company should have the commonsense to withdraw this application in its entirety.

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35 Formal review procedures for institutional human subject studies were originally developed in direct response to research abuses in the 20th century. Notorious abuses included the experiments of Nazi physicians, which became a focus of the post-World War II Doctors' Trial and the Tuskegee Syphilis Study on African American Men conducted between 1932 and 1972 by the U.S. Public Health Service.

36 US Department of Health and Human Services: Office for Human Research Protections. (2010) Title 45 Code of Federal Regulations Part 46 https://www.hhs.gov/ohrp/regulations-and-policy/regulations/45-cfr-46/index.html

Absent that action, we strongly recommend that the Commission reject this pilot program. As a matter of policy, of the universe of issues in which Missouri could engage and champion, "prepay billing" should not be Missouri's regulatory contribution to society. Financial pressure will lead some households to agree to participate in a program that features more expensive and more frequent loss of service. OPC believes this program will produce more harm than good. The only advantage prepaid meters offer is the ease with which customers can lose electric service. Any other suggested advantage can be achieved without working against the public interest. Denying this application will not stop those who want to prepay their electric bill from doing so. If for some reason, a ratepayer wants to prepay their bill, they can do so now. They just pay more than what they owe.

An individual could lose eight pounds quickly by cutting off their arm but most rational-minded people would not resort to such action to achieve weight loss goals—because the costs clearly outweigh the benefits. Similarly, with respect to the Company's proposal, OPC believes the costs both, known and unknown, for participants, nonparticipants and society far outweigh the "energy savings" hoped to be gained from this pilot proposal.

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

A. Yes.

CASE PARTICPATION OF
GEOFF MARKE, PH.D.

| Company Name | Employed Agency | Case Number | Issues |
|---|---|---|---|
| Great Plains Energy Incorporated, Kansas City Power & Light Company, KCP&L Greater Missouri Operations Company, and Westar Energy, Inc. | Office of Public Counsel (OPC) | EM-2018-0012 | **Rebuttal:** Merger Commitments and Conditions / Outstanding Concerns |
| Missouri American Water | OPC | WR-2017-0285 | **Direct:** Future Test Year/ Cost Allocation Manual and Affiliate Transaction Rules for Large Water Utilities / Lead Line Replacement<br>**Direct:** Rate Design / Cost Allocation of Lead Line Replacement<br>**Rebuttal**: Lead Line Replacement / Future Test Year/ Decoupling / Residential Usage / Public-Private Coordination<br>**Rebuttal**: Rate Design |
| Missouri Gas Energy / Laclede Gas Company | OPC | GR-2017-0216<br>GR-2017-0215 | **Rebuttal:** Decoupling / Rate Design / Customer Confidentiality / Line Extension in Unserved and Underserved Areas / Economic Development Rider & Special Contracts<br>**Surrebuttal:** Pay for Performance / Alagasco & EnergySouth Savings / Decoupling / Rate Design / Energy Efficiency / Economic Development Rider: Combined Heat & Power |
| Indian Hills Utility | OPC | WR-2017-0259 | **Direct:** Rate Design |
| Rule Making | OPC | EW-2018-0078 | Comments on cogeneration and net metering |
| Empire District Electric Company | OPC | EO-2018-0048 | Integrated Resource Planning: Special Contemporary Topics Comments |
| Kansas City Power & Light | OPC | EO-2018-0046 | Integrated Resource Planning: Special Contemporary Topics Comments |
| KCP&L Greater Missouri Operations Company | OPC | EO-2018-0045 | Integrated Resource Planning: Special Contemporary Topics Comments |
| Missouri American Water | OPC | WU-2017-0296 | **Direct:** Lead line replacement pilot program |

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| | | | **Rebuttal:** Lead line replacement pilot program<br>**Surrebuttal:** Lead line replacement pilot program |
| KCP&L Greater Missouri Operations Company | OPC | EO-2017-0230 | Comments on Integrated Resource Plan, preferred plan update |
| Working Case: Emerging Issues in Utility Regulation | OPC | EW-2017-0245 | Comments on Emerging Issues in Utility Regulation /<br>Presentation: Inclining Block Rate Design Considerations<br>Presentation: Missouri Integrated Resource Planning: And the search for the "preferred plan." |
| Rule Making | OPC | EX-2016-0334 | Comments on Missouri Energy Efficiency Investment Act Rule Revisions |
| Great Plains Energy Incorporated, Kansas City Power & Light Company, KCP&L Greater Missouri Operations Company, and Westar Energy, Inc. | OPC | EE-2017-0113 / EM-2017-0226 | **Direct**: Employment within Missouri / Independent Third Party Management Audits / Corporate Social Responsibility |
| Union Electric Company d/b/a Ameren Missouri | OPC | ET-2016-0246 | **Rebuttal**: EV Charging Station Policy<br>**Surrebuttal**: EV Charging Station Policy |
| Kansas City Power & Light | | ER-2016-0156 | **Direct:** Consumer Disclaimer<br>**Direct:** Response to Commission Directed Questions<br>**Rebuttal:** Customer Experience / Greenwood Solar Facility / Dues and Donations / Electric Vehicle Charging Stations<br>**Rebuttal:** Class Cost of Service / Rate Design<br>**Surrebuttal:** Clean Charge Network / Economic Relief Pilot Program / EEI Dues / EPRI Dues |
| Union Electric Company d/b/a Ameren Missouri | OPC | ER-2016-0179 | **Direct:** Consumer Disclaimer / Transparent Billing Practices / MEEIA Low-Income Exemption<br>**Direct**: Rate Design<br>**Rebuttal:** Low-Income Programs / Advertising / EEI Dues |

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| | | | **Rebuttal:** Grid-Access Charge / Inclining Block Rates /Economic Development Riders |
| KCP&L Greater Missouri Operations Company | OPC | ER-2016-0156 | **Direct:** Consumer Disclaimer<br>**Rebuttal:** Regulatory Policy / Customer Experience / Historical & Projected Customer Usage / Rate Design / Low-Income Programs<br>**Surrebuttal:** Rate Design / MEEIA Annualization / Customer Disclaimer / Greenwood Solar Facility / RESRAM / Low-Income Programs |
| Empire District Electric Company, Empire District Gas Company, Liberty Utilities (Central) Company, Liberty Sub-Corp. | OPC | EM-2016-0213 | **Rebuttal:** Response to Merger Impact<br>**Surrebuttal:** Resource Portfolio / Transition Plan |
| Working Case: Polices to Improve Electric Regulation | OPC | EW-2016-0313 | Comments on Performance-Based and Formula Rate Design |
| Working Case: Electric Vehicle Charging Facilities | OPC | EW-2016-0123 | Comments on Policy Considerations of EV stations in rate base |
| Empire District Electric Company | OPC | ER-2016-0023 | **Rebuttal:** Rate Design, Demand-Side Management, Low-Income Weatherization<br>**Surrebuttal:** Demand-Side Management, Low-Income Weatherization, Monthly Bill Average |
| Missouri American Water | OPC | WR-2015-0301 | **Direct:** Consolidated Tariff Pricing / Rate Design Study<br>**Rebuttal:** District Consolidation/Rate Design/Residential Usage/Decoupling<br>**Rebuttal**: Demand-Side Management (DSM)/ Supply-Side Management (SSM)<br>**Surrebuttal:** District Consolidation/Decoupling Mechanism/Residential Usage/SSM/DSM/Special Contracts |
| Working Case: Decoupling Mechanism | OPC | AW-2015-0282 | **Memorandum:** Response to Comments |
| Rule Making | OPC | EW-2015-0105 | Missouri Energy Efficiency Investment Act Rule Revisions, Comments |

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| Union Electric Company d/b/a Ameren Missouri | OPC | EO-2015-0084 | Triennial Integrated Resource Planning Comments |
| Union Electric Company d/b/a Ameren Missouri | OPC | EO-2015-0055 | **Rebuttal**: Demand-Side Investment Mechanism / MEEIA Cycle II Application<br>**Surrebuttal**: Potential Study / Overearnings / Program Design<br>**Supplemental Direct:** Third-party mediator (Delphi Panel) / Performance Incentive<br>**Supplemental Rebuttal:** Select Differences between Stipulations<br>**Rebuttal:** Pre-Pay Billing |
| The Empire District Electric Company | OPC | EO-2015-0042 | Integrated Resource Planning: Special Contemporary Topics Comments |
| KCP&L Greater Missouri Operations Company | OPC | EO-2015-0041 | Integrated Resource Planning: Special Contemporary Topics Comments |
| Kansas City Power & Light | OPC | EO-2015-0040 | Integrated Resource Planning: Special Contemporary Topics Comments |
| Union Electric Company d/b/a Ameren Missouri | OPC | EO-2015-0039 | Integrated Resource Planning: Special Contemporary Topics Comments |
| Union Electric Company d/b/a Ameren Missouri | OPC | EO-2015-0029 | Ameren MEEIA Cycle I Prudence Review Comments |
| Kansas City Power & Light | OPC | ER-2014-0370 | **Direct** (Revenue Requirement): Solar Rebates<br>**Rebuttal:** Rate Design / Low-Income Weatherization / Solar Rebates<br>**Surrebuttal:** Economic Considerations / Rate Design / Cyber Security Tracker |
| Rule Making | OPC | EX-2014-0352 | Net Metering and Renewable Energy Standard Rule Revisions, Comments |
| The Empire District Electric Company | OPC | ER-2014-0351 | **Rebuttal:** Rate Design/Energy Efficiency and Low-Income Considerations |
| Rule Making | OPC | AW-2014-0329 | Utility Pay Stations and Loan Companies, Rule Drafting, Comments |
| Union Electric Company d/b/a Ameren Missouri | OPC | ER-2014-0258 | **Direct:** Rate Design/Cost of Service Study/Economic Development Rider<br>**Rebuttal:** Rate Design/ Cost of Service/ Low Income Considerations |

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| | | | **Surrebuttal:** Rate Design/ Cost-of-Service/ Economic Development Rider |
| KCP&L Greater Missouri Operations Company | OPC | EO-2014-0189 | **Rebuttal:** Sufficiency of Filing<br>**Surrebuttal:** Sufficiency of Filing |
| KCP&L Greater Missouri Operations Company | OPC | EO-2014-0151 | Renewable Energy Standard Rate Adjustment Mechanism (RESRAM) Comments |
| Liberty Natural Gas | OPC | GR-2014-0152 | **Surrebuttal:** Energy Efficiency |
| Summit Natural Gas | OPC | GR-2014-0086 | **Rebuttal:** Energy Efficiency<br>**Surrebuttal:** Energy Efficiency |
| Union Electric Company d/b/a Ameren Missouri | OPC | ER-2012-0142 | **Direct:** PY2013 EM&V results / Rebound Effect<br>**Rebuttal:** PY2013 EM&V results<br>**Surrebuttal:** PY2013 EM&V results<br>**Direct:** Cycle I Performance Incentive<br>**Rebuttal:** Cycle I Performance Incentive |
| Kansas City Power & Light | Missouri Public Service Commission Staff | EO-2014-0095 | **Rebuttal:** MEEIA Cycle I Application testimony adopted |
| KCP&L Greater Missouri Operations Company | Missouri Division of Energy (DE) | EO-2014-0065 | Integrated Resource Planning: Special Contemporary Topics Comments |
| Kansas City Power & Light | DE | EO-2014-0064 | Integrated Resource Planning: Special Contemporary Topics Comments |
| The Empire District Electric Company | DE | EO-2014-0063 | Integrated Resource Planning: Special Contemporary Topics Comments |
| Union Electric Company d/b/a Ameren Missouri | DE | EO-2014-0062 | Integrated Resource Planning: Special Contemporary Topics Comments |
| The Empire District Electric Company | DE | EO-2013-0547 | Triennial Integrated Resource Planning Comments |
| Working Case: State-Wide Advisory Collaborative | OPC | EW-2013-0519 | Presentation: Does Better Information Lead to Better Choices? Evidence from Energy-Efficiency Labels |
| Independence-Missouri | OPC | Indy Energy Forum 2014 | Presentation: Energy Efficiency |
| Independence-Missouri | OPC | Indy Energy Forum2015 | Presentation: Rate Design |
| NARUC – 2017 Winter | OPC | Committee on Consumer Affairs | NARUC – 2017 Winter Presentation: PAYS Tariff On-Bill Financing |

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|---|---|---|---|
| NASUCA – 2017 Summer | OPC | Committee on Water Regulation | NASUCA – 2017 Summer Presentation: Regulatory Issues Related to Lead-Line Replacement of Water Systems |
| NASUCA – 2017 winter | OPC | Committee on Utility Accounting | NASUCA – 2017 Winter Presentation: Lead Line Replacement Accounting and Cost Allocation |

# THE STATE CORPORATION COMMISSION OF THE STATE OF KANSAS

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| Before Commissioners: | Jay Scott Emler, Chairman<br>Shari Feist Albrecht<br>Pat Apple |

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| In the Matter of the Application of Westar Energy, Inc. and Kansas Gas and Electric Company for Approval of Revisions to Their General Terms and Conditions to Implement an Optional Prepay Service Pilot Program. | ) | Docket No. 14-WSEE-148-TAR |

## ORDER DENYING MOTION TO CONVERT PREPAY PILOT PROGRAM INTO A PERMANENT PROGRAM

This matter comes before the State Corporation Commission of the State of Kansas (Commission) for consideration and decision. Having reviewed its files and records and being duly advised in the premises, the Commission finds:

1. On October 1, 2013, Westar Energy, Inc. and Kansas Gas and Electric Company (Westar) filed an Application for approval of its Optional Prepay Service Pilot Program (the Prepay Pilot). The Prepay Pilot is a voluntary program, originally limited to 1,000 customers, allowing those customers the option to prepay for their electric service.[1] Participants in the Prepay Pilot can make smaller payments in advance, rather than paying their full bill at the end of the monthly billing cycle.[2]

2. On April 25, 2014, Westar, Commission Staff (Staff), and the Citizens' Utility Ratepayer Board (CURB) filed a Joint Motion to Approve Stipulation and Agreement, recommending the Commission implement the Prepay Pilot Program upon certain conditions, including a limit on the total number of customers with preexisting arrears balances that participate

[1] Application, Oct. 1, 2013, ¶ 3.
[2] *Id.*, ¶ 6.

in the program to 250 of the maximum 1,000 participants, available on a first come, first served basis.[3]

3. On May 29, 2014, the Commission issued an Order Approving Stipulation and Agreement.

4. On May 11, 2016, Westar, Staff, and CURB filed their Joint Motion to Extend the Term of Prepay Pilot Program explaining that they had contemplated the initial program to last two years, ending on May 29, 2016.[4] The Joint Motion sought to extend the program for an additional five months to allow Westar to collect data covering the summer months and when college students arrive on campus for the upcoming school year.[5] Westar proposed to gather the data by August 31, 2016, and file a status report by November 1, 2016, informing the Commission of the results of the program and whether Westar intended to continue, modify, or cancel the program.[6]

5. On May 17, 2016, the Commission approved the Joint Motion to Extend Term of the Prepay Pilot Program through October 2016, and directed Westar to file a status report by November 1, 2016, informing the Commission of the results of the Prepay Pilot Program and whether Westar intends to continue, modify, or cancel the program.[7]

6. On June 9, 2016, Joint Movants filed a Joint Motion to Amend Prepay Pilot Program to remove participation limits of 250 customers in arrears and 1,000 total participants for the remainder of the pilot program.[8]

7. On June 23, 2016, the Commission issued an Order Granting Joint Motion to Amend Prepay Pilot Program, explaining removing the limitations on participation will allow

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[3] Stipulation and Agreement, Apr. 25, 2014, ¶ 13.
[4] Joint Motion to Extend the Term of Prepay Pilot Program, May 11, 2016, ¶ 4.
[5] *Id.*, ¶ 5.
[6] *Id.*, ¶¶ 7-8.
[7] Order Granting Joint Motion to Extend Term of Prepay Pilot Program, May 17, 2016, Ordering Clauses A&B.
[8] Joint Motion to Amend Prepay Pilot Program, June 9, 2016, ¶ 7.

Westar to collect more data, to better evaluate customer interest in the Prepay Program, and to best determine the success of the program and whether it should be extended.[9]

8. On October 25, 2016, Joint Movants filed a Joint Motion to Extend Term of Prepay Pilot Program seeking to extend the Prepay Pilot Program for an additional year to allow Westar to determine whether the pilot program should be made permanent as Westar awaits approval of its acquisition by Great Plains Energy, Inc. pending in Docket No. 16-KCPE-593-ACQ (16-593 Docket).[10]

9. On November 1, 2016, the Commission issued an Order Approving Limited Extension of Westar's Prepay Pilot Program, extending the Prepay Pilot Program until December 1, 2016, to allow Westar to articulate why the program should be extended further.[11] The Commission directed Westar to file a detailed report demonstrating the efficacy of the program and identifying the benefits justifying the program's cost by November 15, 2016, if it believed a further extension was warranted.[12]

10. On November 16, 2016, Westar filed a Motion to Convert Prepay Pilot Program into Permanent Program, including a status report. Based on the status report, Westar seeks to convert the Prepay Pilot Program into a permanent program and lift the participation limits currently in place.[13] Westar also seeks permission to add new participants to the Prepay Program while its Motion is pending.[14] In the alternative, Westar requests a six-month grace period to transition customers off of the Prepay Program and to conclude its contract with the third-party program administrator.[15]

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[9] Order Granting Joint Motion to Amend Prepay Pilot Program, June 23, 2016, ¶ 5.
[10] Joint Motion to Extend Term of Prepay, Oct. 25, 2016, ¶ 8.
[11] Order Approving Limited Extension of Westar's Prepay Pilot Program, Nov. 1, 2016, ¶ 9.
[12] *Id.*,¶ 10.
[13] Motion to Convert Prepay Pilot Program into Permanent Program, Nov. 16, 2016, ¶ 11.
[14] *Id.*
[15] *Id.*, fn. 1.

11. Through October, Westar has collected $305,604 in arrears from customers in the Prepay Program. [16] Westar's total program costs as of October 2016 were approximately $170,000.[17] Assuming an average participation rate of 200 customers, Westar considers the $170,000 in costs as an $850 subsidy for each participant in the Prepay Program.[18] Westar argues when applied to all 600,000 residential customers and spread over the entire 30-month life of the Program, the subsidy is only about $0.28.[19]

12. On November 23, 2016, Staff filed its Opposition to Westar Energy, Inc. and Kansas Gas and Electric Company's Motion to Convert Prepay Pilot Into Permanent Program because the analysis presented in Westar's Status Report does not support making the program permanent.[20] Specifically, Staff faults Westar for failing to conduct a cost-benefit analysis of the Prepay Pilot Program as Westar believed traditional, program-specific cost-benefit analysis was too difficult to apply to the Prepay Program.[21]

13. Staff relies on Attachment B to Westar's Status Report, which states the average number of participants is 164 per month, as opposed to the 200 assumed by Westar.[22] Therefore, dividing the costs among the 164 participants, rather than 200 participants, results in a much higher subsidy than $850; instead, it is close to $1,040. But even using Westar's $850 figure, Staff asserts the subsidy is too high to justify making the Prepay Program permanent.[23] Staff also questions whether any arrears payments collected through the Prepay Program would have

[16] Westar Report of PrePay Pilot Program, Nov. 15, 2016, p. 3.
[17] *Id.*
[18] *Id.*
[19] *Id.*
[20] Staff's Opposition to Westar Energy, Inc. and Kansas Gas and Electric Company's Motion to Convert Prepay Pilot Into Permanent Program, Nov. 23, 2016, ¶ 7.
[21] *Id.*, ¶ 8.
[22] *Id.*
[23] *Id.*

been collected through Westar's other arrears programs.[24] Westar has produced no evidence that any arrears payments collected through the Prepay Program would not have been collected through other means. In essence, Staff concluded the program's costs, primarily incurred through a third-party provider, are too high to justify making the program permanent.[25]

14. On November 28, 2016, CURB filed its Opposition to Westar Energy, Inc. and Kansas Gas and Electric Company's Motion to Convert Prepay into Permanent Program, mirroring Staff's concerns. CURB agrees with Staff that Westar's Status Report does not support making the Program Permanent and opposes Westar's request to add new participants to the Prepay Program while the Motion is pending.[26] Like Staff, CURB is troubled by Westar's failure to perform a cost-benefit analysis of the Prepay Program and by the $850 subsidy for each participant.[27] CURB believes the Program's current costs, particularly those incurred through a third-party provider, are too high to support a permanent Prepay program.[28]

15. The Commission agrees with both Staff and CURB that Westar's Status Report fails to demonstrate sufficient benefits of the Prepay Program to make it permanent. Westar failed to provide an estimate of how much of the $305,604 arrears debt collected through the Prepay Program would not have been collected absent the Prepay Program. Without such an estimate, there is no way to know how much, if any, of the $305,604 collected through the Prepay Program would have been recovered by Westar through other means.

16. By its admitted failure to produce a traditional, program-specific cost benefit analysis, Westar cannot demonstrate the efficacy of the pilot program and certainly cannot meet

[24] *Id.*, ¶ 9.
[25] *Id.*, ¶ 10.
[26] CURB's Opposition to Westar Energy, Inc. and Kansas Gas and Electric Company's Motion to Convert Prepay into Permanent Program, Nov. 28, 2016, ¶ 11.
[27] *Id.*, ¶ 12.
[28] *Id.*, ¶ 13.

its burden to prove establishing a permanent Prepay Program is justified. Westar has not presented a sufficient record to justify making the Prepay Program permanent. Accordingly, the Commission denies Westar's Motion to Convert Prepay Pilot Program into Permanent Program.

17. In an October 25, 2016 Joint Motion to Extend Term of Prepay Pilot Program, the Joint Movants requested that Westar be given time to transition customers off of the program and to provide contractually required notice to the contractor administering the program to cancel the services agreement before discontinuing the program.[29] In its Motion to Convert Prepay Pilot Program into Permanent Program, Westar clarified that it sought six months to transition customers off of the Prepay Program and to conclude its contract with its third-party program administrator.[30] Since neither Staff nor CURB object to a six-month transition period, the Commission has no reason to question the reasonableness of a six-month transition period. Accordingly, Westar has six months from the date of this Order to transition customers off of the Prepay Program. During the transition period, Westar cannot add new participants to the Prepay Program.

**THEREFORE, THE COMMISSION ORDERS:**

A. Westar's Motion to Convert Prepay Pilot Program into Permanent Program is denied. Westar has six months from the date of this Order to transition customers off the Prepay Program.

B. The parties have fifteen days from the date this order was electronically served to petition for reconsideration.[31]

C. The Commission retains jurisdiction over the subject matter and the parties for the purpose of entering such further orders as it deems necessary.

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[29] Joint Motion to Extend Term of Prepay Pilot Program, Oct. 25, 2016, ¶ 13.
[30] Motion to Convert Prepay Pilot Program into Permanent Program, fn. 1.
[31] K.S.A. 66-118b; K.S.A. 77-529(a)(1).

**BY THE COMMISSION IT IS SO ORDERED.**

Emler, Chairman; Albrecht, Commissioner; Apple, Commissioner

Dated: DEC 15 2016

Amy L. Green
Secretary to the Commission

BGF

EMAILED

DEC 15 2016

# CERTIFICATE OF SERVICE

14-WSEE-148-TAR

I, the undersigned, certify that the true copy of the attached Order has been served to the following parties by means of

Electronic Service on DEC 1 5 2016.

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/S/ DeeAnn Shupe
DeeAnn Shupe

EMAILED

DEC 1 5 2016

# URGING STATES TO REQUIRE CONSUMER PROTECTIONS AS A CONDITION FOR APPROVAL OF PREPAID RESIDENTIAL GAS AND ELECTRIC SERVICE-2011-03

NATIONAL ASSOCIATION OF STATE UTILITY CONSUMER ADVOCATES

RESOLUTION 2011-3

URGING STATES TO REQUIRE CONSUMER PROTECTIONS AS A CONDITION FOR APPROVAL OF PREPAID RESIDENTIAL GAS AND ELECTRIC SERVICE

Whereas, the National Association of State Utility Consumer Advocates ("NASUCA") has a long-standing interest in issues and policies that affect the access of residential consumers to essential gas and electric services; and

Whereas, some gas and electric utilities have sought to replace traditional credit-based service to some residential customers with prepaid service delivered through prepayment meters or digital meters with remote connection and disconnection capabilities; and

Whereas, prepaid gas and electric service requires customers to pay in advance for their service, with prepaid account balances decreasing as service is delivered; and

Whereas, automated and remote disconnection of service can and does occur when prepaid account balances are depleted; and

Whereas, experience in the United States and United Kingdom demonstrates that prepaid metering and prepaid billing (1) is targeted toward and concentrated among customers with low or moderate incomes that are facing service disconnections for nonpayment, (2) results in more frequent service disconnections or interruptions, and (3) is delivered at a higher rate than traditional credit-based service;1 and

Whereas, most of the current state consumer protection requirements regarding the disconnection of service were not developed in anticipation of prepaid services, and such protections may be bypassed or eliminated when services are provided on prepaid basis; and

Whereas, proponents of prepaid service have sought legislation in at least one state providing that automated, remote disconnection of service upon depletion of prepaid account balances be considered a voluntary termination of service by the customer and not a disconnection by the utility subject to consumer protection laws and regulations regarding the disconnection of service;2 and

Whereas, the proliferation of digital meters with remote connection and disconnection capabilities makes implementation of prepaid service more feasible economically for utilities; and

Whereas, prepaid utility service reduces or eliminates utility incentives to negotiate effective, reasonable payment agreements and to implement effective bill payment assistance and arrearage management programs; and

Whereas, increased service disconnections of vital gas and electric service that come with implementation of prepaid service and prepaid metering threaten the health and safety of customers, particularly those who are most vulnerable to the effects of a loss of service, including the elderly, disabled and low-income families, as detailed and documented in a companion resolution encouraging state legislatures and state public utility commissions to institute programs to reduce the incidence of disconnection of residential gas and electric service based on nonpayment; and

Whereas, utilities offering prepaid service benefit financially from reduced cash working capital requirements, uncollectibles amounts and credit and collections risk; and

Whereas, utilities in at least one state require customers to pay deposits for a customer prepayment device or system;3 and

Whereas, providers of residential electric service in at least one state impose additional fees on customers choosing to make payments more frequently than once every thirty days and under other circumstances;4 and
Whereas, in at least one instance, a company has reportedly gone out of business after receiving prepayment funds from customers, resulting in large unpaid fines and more distressingly in an undetermined number of customers having lost their money;5

Now, therefore, be it resolved, that NASUCA continues its long tradition of support for the universal provision of essential residential gas and electric service for all customers;

Be it further resolved, that proposals by utility companies that seek to replace traditional credit-based service to some residential customers with prepaid service delivered through prepayment meters or digital meters with remote connection and disconnection capabilities should not be approved unless they guarantee that current consumer protections are not bypassed or eliminated and that adequate and comparable consumer protections are developed and in place. At a minimum, if prepaid services are offered, a utility should be required to satisfy each of the following conditions:

(1) All regulatory consumer protections and programs regarding disconnection limitations or prohibitions, advance notice of disconnection, premise visits, availability of payment plans or deferred payment agreements, availability of bill payment assistance or arrearage forgiveness, and billing disputes are maintained or enhanced;

(2) In the event that the billing credits of a customer receiving prepaid residential electric or natural gas service are exhausted, the customer shall be given a reasonable disconnection grace period, after which the customer shall revert to traditional, credit- based service, subject to all rules and customer protections applicable to such service;

(3) Prepayment households include no one who is

(a) income-eligible to participate in the federal Low Income Home Energy Assistance Program (LIHEAP); or

(b) protected under state law from disconnection for health or safety reasons;

(4) Prepaid service is only marketed as a purely voluntary service and is not marketed to customers facing imminent disconnection for non-payment;

(5) Utilities offering prepaid service also offer effective bill payment assistance and arrearage management programs for all customers, including customers with arrearages who choose prepayment service;

(6) Rates for prepaid service are lower than rates for comparable credit-based service, reflecting the lower costs associated with reduced cash working capital requirements, uncollectibles amounts and shareholder risk affecting a utility's return on equity;

(7) Utilities demonstrate the cost effectiveness of any proposed prepaid service offerings through a cost versus benefit analysis and reveal how costs will be allocated among various classes of customers;

(8) Prepayment customers are not subjected to any security deposits or to additional fees of any kind, including but not limited to initiation fees or extra fees assessed at any time customers purchase credits;

(9) Utilities ensure there are readily available means for prepayment customers to purchase service credits on a 24-hour a day, seven-day a week basis;

(10) Prepayment customers can return to credit-based service at no higher cost than the cost at which new customers can obtain service;

(11) Payments to prepaid accounts are promptly posted to a customer's account so as to prevent disconnection or other action adverse to the customer under circumstances in which the customer has in fact made payment; and

(12) Adequate financial mechanisms are developed and in place within the state to guarantee that funds prepaid by customers are returned to the customers who prepaid them if and when a company becomes insolvent, goes out of business or is otherwise unable to provide the services for which the funds were prepaid;

Be if further resolved, that the implementation of prepaid service programs should be monitored to ensure that it does not in practice result in an increased rate of service disconnections for non-payment;

Be it further resolved, that utilities implementing prepaid service programs should track and report to the state regulatory commission separately for credit-based and prepayment customers each of the data points delineated in the companion resolution urging the states

to gather uniform statistical data on billings, arrearages and disconnections of residential gas and electric service; Be it further resolved, that NASUCA authorizes its Executive Committee to develop specific positions and take appropriate actions consistent with the terms of this resolution. The Executive Committee shall advise the membership of any proposed action prior to taking action if possible. In any event the Executive Committee shall notify the membership of any action pursuant to this resolution.

Submitted by Consumer Protection Committee

Approved June 28, 2011
San Antonio, Texas
Abstention: Tennessee

[1] "SRP's prepaid electricity plan found to have higher rates," The Arizona Republic,(July 11 2010), www.azcentral.com/private/cleanprint/?1299004402750; Electric Power Research Institute, "Paying Upfront: A Review of Salt River Project's M-Power Prepaid Program, (October 2010); Talbot, "Prepayment meters: A scourge penalising the poor" (June 2009), http://www.energychoices.co.uk/prepayment-meters-a-scourge-penalising-the-poor.html; Centre for Sustainable Energy and National Right to Fuel Campaign, "Counting the Hidden Disconnected," (1998).

[2] See 2011 Iowa Proposed Legislation, House Study Bill158, http://coolice.legis.state.ia.us/Cool-ICE/default.asp?Category=billinfo&Service=Billbook&menu=false&hbill=hsb158.

[3] "Paying Upfront" A Review of Salt River Project's M-Power Prepaid Program," EPRI, Palo Alto, CA: (2010), http://www.srpnet.com/environment/earthwise/pdfx/spp/EPRIMPower.pdf.

[4] Biedrzycki, "New Fees On Residential Electric Bills Complicate Cost Comparisons For Consumers Shopping For A Better Deal And Penalize Those Who Save Electricity And Those Struggling To Pay Their Bill" (February 2011), http://www.scribd.com/doc/49467979/Fees-Report-FINAL-2232011.

[5]Texas Public Utility Commission, News Release, "PUC orders $3.7 million in penalties: two former retail electric providers fined millions (Jan. 14, 2010), http://www.puc.state.tx.us/nrelease/2010/011410.pdf; "Consumer group: Electricity companies have big fees hidden in small print," KHOU11 Houston (April 30, 2011) , http://www.khou.com/news/local/Consumer-group-Electricity-companies-have-big-fees-hidden-in-small-print–121014164html.

## Marke, Geoff

| | |
|---|---|
| **From:** | Marke, Geoff |
| **Sent:** | Wednesday, October 11, 2017 11:38 AM |
| **To:** | Davis, Bill R; 'Dolly, Cara J' |
| **Cc:** | Rogers, John; 'Andrew Linhares'; Philip Fracica; Hyman, Martin; Wilbers, Brenda; Fortson, Brad; Huber, Tammy |
| **Subject:** | R&D suggestions |
| **Attachments:** | Housing_Shelters_and_Homeless_Serivces.pdf |

Bill, Cara, et al:

I want to throw out a suggestion right off the bat. Given the time constraints before Cycle III. I would suggest that money might be best spent on a specific case study example for a low-income unit. I was thinking specifically of a crisis and/or homeless shelter which is most likely be billed at a commercial rate. In short, we would throw the R&D money to retrofitting the unit and obtaining some pre/post data to help inform case study business "sales pitches" moving forward into Cycle III.

Attached is a PDF I found on the internet with some selected services. Additional options off the top of my head include Annie Malone's Children and Family Center. If you need me to do the leg work on finding a site, I can. This would most likely be just calling up the urban league or the United Way to find an appropriate site. I'm open to other suggestions from the group, but this would seem to be a worthwhile "niche" project. Please forward the email to anyone else that I missed who was on the phone.

All of that being said, OPC is still very interested in seeing on-bill financing work, if it can, moving forward in Cycle III.

Regards,

Geoff Marke
Chief Economist
Missouri Office of the Public Counsel
(573) 751-5563 Office
(314) 956-4487 Cell

## Marke, Geoff

**To:** Philip Fracica
**Subject:** RE: R&D suggestions

**From:** Philip Fracica [mailto:philip@renewmo.org]
**Sent:** Friday, October 13, 2017 10:42 AM
**To:** Marke, Geoff <geoff.marke@ded.mo.gov>
**Cc:** Davis, Bill R <WDavis2@ameren.com>; Dolly, Cara J <CDolly@ameren.com>; Rogers, John <john.rogers@psc.mo.gov>; Andrew Linhares <andrew@renewmo.org>; Hyman, Martin <martin.hyman@ded.mo.gov>; Wilbers, Brenda <Brenda.Wilbers@ded.mo.gov>; Fortson, Brad <Brad.Fortson@psc.mo.gov>; Huber, Tammy <Tammy.Huber@psc.mo.gov>
**Subject:** Re: R&D suggestions

Hello all,

You can find the Michigan Saves program I mentioned on the call - here. Additionally, Midwest Energy News recently published an article about Michigan Saves - here. Some of the remaining R&D funding could be used to assess the viability of a green bank in Missouri to fund utility sponsored on-bill financing programs.

Thank you for your time,
Philip

--
Philip Fracica
Policy Organizer
(816) 752-6630

Renew Missouri
409 Vandiver Drive
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Columbia, MO 65202
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## Marke, Geoff

**To:** Fortson, Brad
**Subject:** RE: R&D suggestions

**From:** Fortson, Brad [mailto:Brad.Fortson@psc.mo.gov]
**Sent:** Tuesday, October 17, 2017 4:19 PM
**To:** Davis, Bill R <WDavis2@ameren.com>; 'Dolly, Cara J' <CDolly@ameren.com>
**Cc:** Rogers, John <john.rogers@psc.mo.gov>; 'Andrew Linhares' <andrew@renewmo.org>; Philip Fracica <philip@renewmo.org>; Hyman, Martin <martin.hyman@ded.mo.gov>; Wilbers, Brenda <Brenda.Wilbers@ded.mo.gov>; Huber, Tammy <Tammy.Huber@psc.mo.gov>; Marke, Geoff <geoff.marke@ded.mo.gov>; Luebbert, J <J.Luebbert@psc.mo.gov>
**Subject:** RE: R&D suggestions

All,

Staff has had some further internal discussion concerning the use of the remaining R&D budget. We agree that although it may not currently be a viable option, on-bill financing should definitely stay on our radar moving forward. Also, as a use for some or all of the remaining R&D budget, Geoff's suggestion seems like something we can initially get behind and support. However, we did come up with a short list of options for further consideration and discussion.

- Water heater cycling program
- Thermostat cycling or a program similar to KCPL and GMO
- Updated load shapes for a few key measures (i.e. HVAC or residential lighting)
- a program designed around our regulated small water and sewer companies to help upgrade pumps and modernize control systems

Thanks,

Brad

**Marke, Geoff**

**To:** Marke, Geoff
**Subject:** RE: R&D suggestions

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**From:** Marke, Geoff
**Sent:** Friday, October 20, 2017 11:42 AM
**To:** 'Fortson, Brad' <Brad.Fortson@psc.mo.gov>; Davis, Bill R <WDavis2@ameren.com>; 'Dolly, Cara J' <CDolly@ameren.com>
**Cc:** Rogers, John <john.rogers@psc.mo.gov>; 'Andrew Linhares' <andrew@renewmo.org>; Philip Fracica <philip@renewmo.org>; Hyman, Martin <martin.hyman@ded.mo.gov>; Wilbers, Brenda <Brenda.Wilbers@ded.mo.gov>; Huber, Tammy <Tammy.Huber@psc.mo.gov>; Luebbert, J <J.Luebbert@psc.mo.gov>
**Subject:** RE: R&D suggestions

Today's paper:

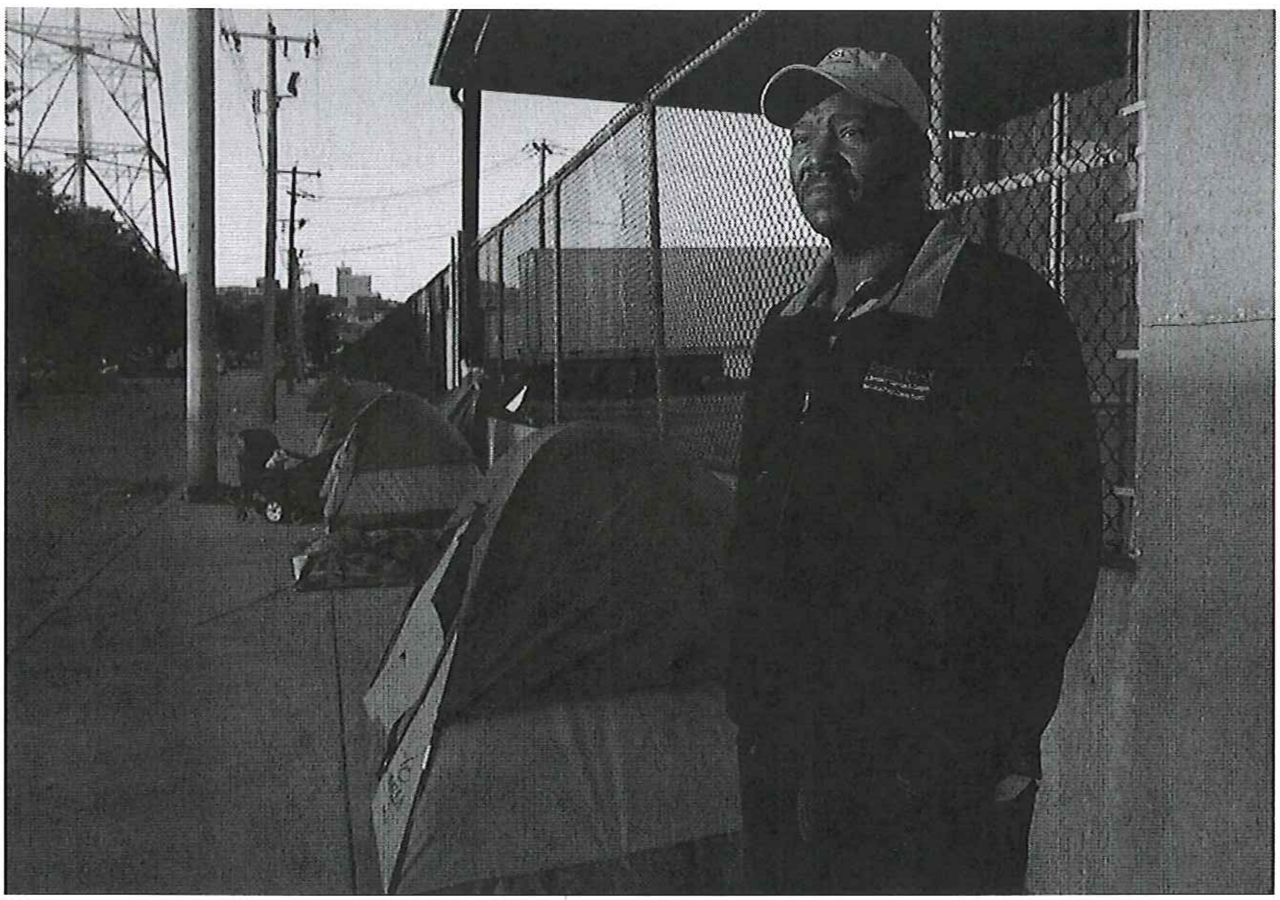
http://www.stltoday.com/news/local/govt-and-politics/homeless-services-in-st-louis-are-stressed-seek-more-help/article_3fcb8ebf-294b-5e05-9a6a-4e21693caff7.html#tncms-source=home-featured

# POLITICAL FIX

http://www.stltoday.com/news/local/govt-and-politics/homeless-services-in-st-louis-are-stressed-seek-more-help/article_3fcb8ebf-294b-5e05-9a6a-4e21693caff7.html

## Homeless services in St. Louis are stressed, seek more help

By Jesse Bogan St. Louis Post-Dispatch Oct 20, 2017



Dedric Warren stands near a group of tents put up by homeless people along North 13th Street in St. Louis on Thursday. Warren, who is from New Orleans, says he has been homeless in St. Louis for three to four months but that he's currently has a bed in the Biddle House shelter.

GM-4
5/14

**ST. LOUIS** • As winter weather looms, the shelter system is full of homeless people and competing ideas are circling on how to best move forward.

Speaking to a group of nonprofit leaders Thursday, one city official cited a need for an additional emergency shelter with 200 beds to get people off the streets.

Earlier this week, the mayor's office had a different stance, saying the existing shelter system needed to be run better by moving vulnerable people more quickly into permanent housing and by drawing on the broader region for support.

A tent encampment that recently cropped up on the sidewalk near the city's Biddle Housing Opportunities Center has become an emotionally charged image of the tricky issue at hand. The city on Monday gave the campers a 10-day deadline to leave.

Meanwhile, the city's homeless services director is leaving this month, and the human services department head post remains vacant.

The city opened Biddle House in August 2016 at Tucker Boulevard and Biddle Street as an alternative to the Rev. Larry Rice's New Life Evangelistic Center, which the city and some downtown residents fought to shut down.

"We aren't going to spend another $2.6 million on another 100 beds," Todd Waelterman, the mayor's executive director for operations, said in an interview earlier this week. "We need to figure out how to better utilize what we have."

He said there's a learning curve to running a shelter like Biddle House.

GM-4
6/14

"This is something that is totally new to us," he said. "We weren't in this business a year and a half ago. So somebody has to give us a little bit of a break. You don't just fire up a new machine and say it's going to work perfectly."

As people line up for help, Waelterman remains steadfast on capping overnight shelter space at 101 beds, even though Biddle House has capacity for 185 men. He said the exceptions would be made on particularly cold and hot nights.

"It's not just about having a warm bed, but having an environment that you can function in so when you get up in the morning you can go do something and be productive," he said. "We don't function as well when we are jammed in there like sardines."

Biddle House, which is operated by St. Patrick Center and Peter and Paul Community Services, is designed to offer more than a bed. It's supposed to be an access point to community resources and housing so people don't end up in a revolving door back to the street or emergency room.

Waelterman said adjustments need to be made, particularly moving homeless people out of shelter beds and into permanent housing.

"We are fairly plentiful with food and clothing, but it's the roofs that we are missing," Waelterman said. "We need these permanent places where people can get their lives back together. That's the key to the whole thing."

Dedric Warren, 46, is among those waiting. He said he's been living at Biddle House since early summer. He said he's fortunate to receive monthly assistance from the government, which should make his case easier to process.

"I just need them to show me where the housing is at," he said of case workers at Biddle House. "They don't know."

The goal is to move people out of Biddle House and other emergency shelters within 50 days, said Irene Agustin, who runs the city's homeless services division. She said the average length of stay for emergency shelter in fiscal year 2016 was 68 days.

"Every person's issues are different, and it's just a matter of figuring that out and connecting them to the right resources," she said of working with the homeless. "You have to see it from the perspective of the client."

But after running the homeless division for two years, and helping guide some of the recent changes, Agustin will soon be focusing her energies in the Southwest. She has accepted a job with a housing and homeless consulting agency and is moving to Arizona. Her last day with the city is Thursday.

Also, the head of the city's human services department remains vacant since the departure of Eddie Roth.

"I hope to have something done in the next two to three weeks," Waelterman said of filling the department-head post. "It's a very difficult position."

On Thursday, Edwin Muhammad, a program manger at the homeless services division, announced Agustin's departure while speaking at a monthly meeting for 70 individuals and nonprofit groups that are part of the St. Louis City Continuum of Care.

Each service provider in the group — from the Center for Women in Transition to Employment Connection — has a different mission, but their shared goal is to get people housing and proper support.

There are five other networks in the region like the St. Louis Continuum. Only recently did all six start meeting to address homeless issues at a regional level.

They seek to broaden the support network to reach across the Mississippi River and to outer areas such as Jefferson and St. Charles counties.

"We are all right here," Regina Greer, of the United Way of Greater St. Louis, told the gathering Thursday about the importance of working together. "How can we leverage this to do things more efficiently?"

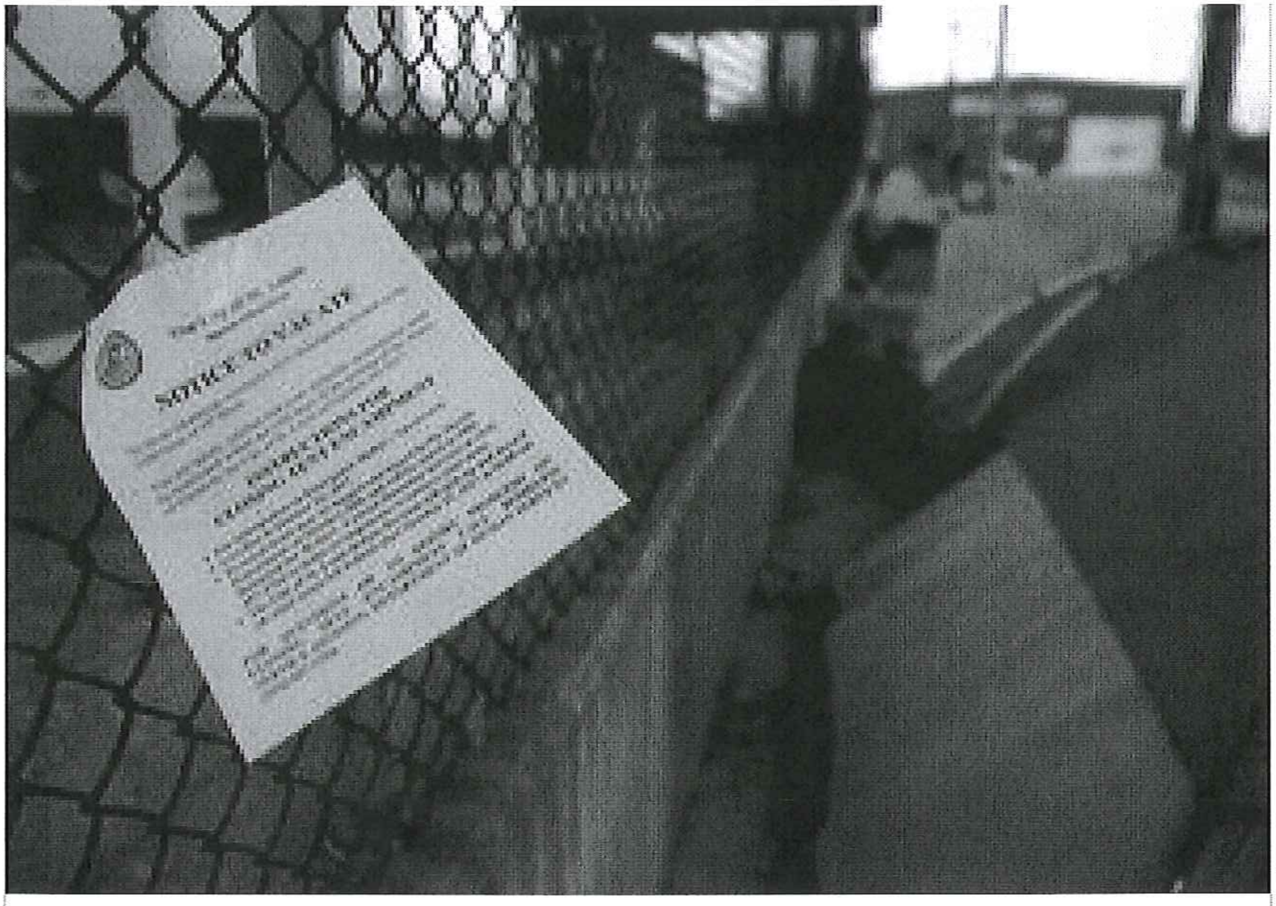
But Muhammad faced more immediate concerns from audience members. They drilled him about what was going to happen to the people asked to leave the tent encampment outside Biddle House. According to a city notice, the residents are supposed to be gone by Thursday.

Muhammad said work was underway to try to help them. He invited groups in the audience to offer support.

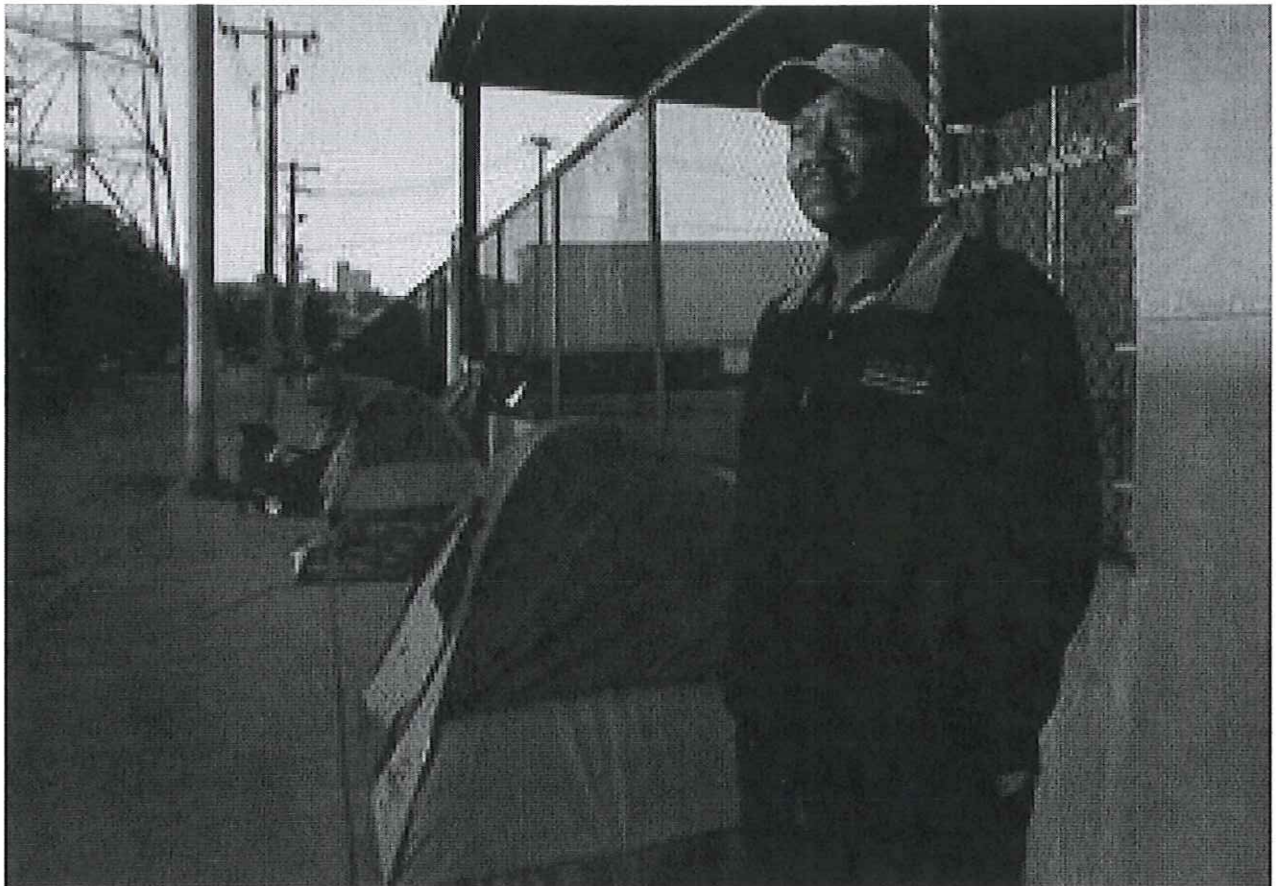
Muhammad acknowledged that it's going to take a while for regional coordination to catch up to the realities of the current demand for emergency shelter and permanent housing. He said there needed to be another "large-scale shelter" with about 200 beds until people are moved more quickly through the existing system in place.

"I know there are some that don't want to say that," he said.

GM-4
9/14



Overlook politics and shelter the homeless



Editorial: City insists it's coping with homelessness despite encampments outside Biddle

Jesse Bogan

Jesse Bogan is a reporter for the St. Louis Post-Dispatch.

## Marke, Geoff

**To:** Hyman, Martin
**Subject:** RE: R&D suggestions

**From:** Hyman, Martin
**Sent:** Friday, October 20, 2017 4:24 PM
**To:** Marke, Geoff <geoff.marke@ded.mo.gov>; 'Fortson, Brad' <Brad.Fortson@psc.mo.gov>; Davis, Bill R <WDavis2@ameren.com>; 'Dolly, Cara J' <CDolly@ameren.com>
**Cc:** Rogers, John <john.rogers@psc.mo.gov>; 'Andrew Linhares' <andrew@renewmo.org>; Philip Fracica <philip@renewmo.org>; Wilbers, Brenda <Brenda.Wilbers@ded.mo.gov>; Huber, Tammy <Tammy.Huber@psc.mo.gov>; Luebbert, J <J.Luebbert@psc.mo.gov>; Meisenheimer, Barb <barb.meisenheimer@ded.mo.gov>; Manning, Kristy <kristy.manning@ded.mo.gov>
**Subject:** RE: R&D suggestions

All,
My apologies. We have been discussing our options internally and need to get final approval for our recommendations.
We will try to respond on Monday.
Please enjoy the weekend!

Thanks,
Martin Hyman
(573) 526-3769
martin.hyman@ded.mo.gov

## Marke, Geoff

**To:** Kohl, Erin
**Subject:** RE: R&D suggestions

**From:** Kohl, Erin
**Sent:** Monday, October 23, 2017 10:44 AM
**To:** 'Brad.Fortson@psc.mo.gov' <Brad.Fortson@psc.mo.gov>; Davis, Bill R <WDavis2@ameren.com>; 'CDolly@ameren.com' <CDolly@ameren.com>; Rogers, John <john.rogers@psc.mo.gov>; 'andrew@renewmo.org' <andrew@renewmo.org>; 'philip@renewmo.org' <philip@renewmo.org>; Hyman, Martin <martin.hyman@ded.mo.gov>; Wilbers, Brenda <Brenda.Wilbers@ded.mo.gov>; 'Tammy.Huber@psc.mo.gov' <Tammy.Huber@psc.mo.gov>; Marke, Geoff <geoff.marke@ded.mo.gov>; 'J.Luebbert@psc.mo.gov' <J.Luebbert@psc.mo.gov>; Meisenheimer, Barb <barb.meisenheimer@ded.mo.gov>; Manning, Kristy <kristy.manning@ded.mo.gov>
**Subject:** RE: R&D suggestions

Good morning all!

DE would be agreeable to further consideration and discussion of the following staff suggestions:

- Water heater cycling program
- Thermostat cycling or a program similar to KCPL and GMO
- a program designed around our regulated small water and sewer companies to help upgrade pumps and modernize control systems

Since Low-income projects do not have to test as cost effective, the company could do a low-income project case study without funding through the R&D budget. R&D leading to proof of cost-effectiveness of the Staff's proposed projects could lead to additional programs.

Thank you and have a great Monday!

Erin K. Kohl
Energy Policy Analyst, Energy Policy & Resources
Division of Energy
Missouri Department of Economic Development
(573) 751-8386

**Marke, Geoff**

**To:** Philip Fracica
**Subject:** RE: R&D suggestions

**From:** Philip Fracica [mailto:philip@renewmo.org]
**Sent:** Monday, October 23, 2017 12:30 PM
**To:** Kohl, Erin <Erin.Kohl@ded.mo.gov>
**Cc:** Brad.Fortson@psc.mo.gov; Davis, Bill R <WDavis2@ameren.com>; CDolly@ameren.com; Rogers, John <john.rogers@psc.mo.gov>; andrew@renewmo.org; Hyman, Martin <martin.hyman@ded.mo.gov>; Wilbers, Brenda <Brenda.Wilbers@ded.mo.gov>; Tammy.Huber@psc.mo.gov; Marke, Geoff <geoff.marke@ded.mo.gov>; J.Luebbert@psc.mo.gov; Meisenheimer, Barb <barb.meisenheimer@ded.mo.gov>; Manning, Kristy <kristy.manning@ded.mo.gov>
**Subject:** Re: R&D suggestions

Hello All,

I recently had a conversation with the CEO of EEtility, Tammy Agard, who operates a PAYS (Pay As You Save) Inclusive On-Bill Financing program based out of Arkansas. EEtility consists of their CEO Tammy Agard, Holmes Hummel (Clean Energy Works), and Paul Cillo and Harlan Lachman who developed the PAYS concept. They are currently operating PAYS programs in AR and NC for cooperatives and are wanting to expand.

So far, EEtility has only worked with rural electric cooperatives, but they will be bidding on Empire's RFP. I think it could be worthwhile to see if they could bid on Ameren's RFP. Additionally, Tammy would be interested in having a meeting with Ameren to talk more about her program and how they can address some of your concerns including dealing with the risks associated with financing. EEtility established a loan loss reserve in Arkansas of $500,000 for their PAYS program. They will be making a proposal for Empire's RFP and the aforementioned PAYS experts are all going to weigh in.

Bill and Cara,

Do either of you have any availability or interest to meet with Tammy over the next 3-4 weeks to see if they could make sense to partner with as your OBF implementer for now or in the future?

Please let me know your thoughts.

Thank you,
Philip