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MISSOURI PUBLIC SERVICE COMMISSION

FILE NO. GR-2019-0077

DIRECT TESTIMONY ON RATE DESIGN

OF

ANNIKA BRINK

ON

BEHALF OF

NATIONAL HOUSING TRUST

April 25, 2019

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

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

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

5 A. I am testifying on behalf of the National Housing Trust (NHT). All work developing my
6 testimony has been completed by me or under my direction.

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

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

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

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

19 I have nine years of professional experience with energy policy, affordable housing, and
20 green building, both from an energy and a housing perspective. Beginning in 2011, I spent over
21 two years leading the nonprofit Alliance to Save Energy's engagement of publicly-owned non-
22 for-profit electric power utilities, helping utilities share best practices, consider energy efficiency

1 program models, benchmark their energy efficiency portfolios, develop innovative online tools,
2 and achieve consensus on priority topics. Since 2013 I have been a LEED Green Associate.

3 In my work for the National Housing Trust, I analyze state, local, and utility efficiency
4 policies and programs, help disseminate best practices, and facilitate coordination among
5 housing and energy stakeholders. I have filed comments with utility regulators in Missouri,
6 Michigan, Minnesota, Iowa, and Kansas. In 2015, I worked with a Kansas City-based housing
7 nonprofit to organize a series of three convenings to explore the experience, barriers, solutions,
8 and potential recommendations related to expanding energy efficiency for affordable multifamily
9 housing in the greater Kansas City metro area. In 2014-2015, I also worked with St.-Louis-area
10 and statewide stakeholders to produce a white paper on this topic, as relates to Missouri and
11 Illinois. I was a member of the energy usage stakeholder group that provided input to the
12 Missouri Division of Energy as they developed the State Energy Plan. In February 2018 I began
13 working with other stakeholders to form a “Low-Income Work Group” under the auspices of the
14 Missouri Energy Efficiency Advisory Collaborative and I am currently serving on this work
15 group’s Steering Committee.

16 In addition to my work at the National Housing Trust, I have worked for affordable
17 housing developers in Grand Rapids, Michigan (internship) and Minneapolis, Minnesota,
18 including work on green affordable housing, community development, and multifamily
19 rehabilitation projects.

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

21 A. Yes, in addition to my Direct Testimony on Revenue Requirement in this case, I
22 previously provided testimony in Ameren Missouri’s 2016-18 MEEIA filing (EO-2015-0055), in
23 Spire’s 2017 rate cases (GR-2017-0215 and GR-2017-0216), in Ameren Missouri’s 2019-2024

1 MEEIA filing (EO-2018-0211), and in Kansas City Power & Light’s 2019-2024 MEEIA filing
2 (EO-2019-0132 and EO-2019-0133). I have also presented to Commissioners and stakeholders at
3 various workshops, convenings, and meetings, such as the Missouri Energy Efficiency Advisory
4 Collaborative (MEEAC).

5 **Q. Please summarize your testimony.**

6 A. In the below testimony, I briefly explain how rate design can be used to support the aims
7 of energy efficiency programs and address the unique energy burden faced by low-income and
8 multifamily households. I then provide my perspective and opinions on the proposed changes to
9 the Company’s fixed customer charges for residential and general service customers.

10 **Q. How should the energy burden and other issues affecting low-income multifamily**
11 **households factor into the Company’s rate design?**

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

15 First, the Company should commit to low fixed charges, which incentivize energy
16 efficiency and conservation and prevent low energy users from being unfairly overcharged for
17 their usage patterns. Low-income multifamily households have high energy burdens: for
18 example, a 2016 study found that the median energy burdens for low-income multifamily
19 households in St. Louis (6.25%) and Kansas City (6.36%) were much higher than the median for
20 all households in those cities (4.07% and 4.48%, respectively).¹ Indeed, Midwestern multifamily
21 homes use 43% *more energy per square foot* than single family detached homes.² However,

¹ Drehobl, A. and Ross, L., *Lifting the High Energy Burden in America’s Largest Cities: How Energy Efficiency*

² U.S. Energy Information Administration, *Residential Energy Consumption Survey*, 2009. Table CE1.3: Summary Totals and intensities, Midwest Homes, <https://www.eia.gov/consumption/residential/data/2009/>. Note: 66,000 Btu

1 Midwestern multifamily households tend to use *less total energy* than other households: less than
2 half of what is consumed by a Midwestern single family detached home according to 2009
3 Residential Energy Consumption Survey data.³ As comparatively low energy users, low-income
4 multifamily households are thus at particular risk of harm from high fixed charges.

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

12 Third, the Company should pair these rate design approaches with robust demand-side
13 investments in energy efficiency programs, including programs available to low-income and
14 multifamily customers—and designed to overcome the significant barriers faced by these sectors.
15 I further discuss the value of energy efficiency programs in my Direct Testimony on Revenue
16 Requirement issues, filed in this case on April 19, 2019.

17 **Q. What are your opinions on the Company’s proposal to increase the fixed customer**
18 **charges for residential customers?**

19 A. I caution the Company against raising the residential fixed charges, as they have
20 proposed to do, from \$15.00 to \$17.00. High fixed charges penalize low energy users, including
21 those living in lower-square-footage homes, such as multifamily apartments. Higher fixed

per square foot for households in multifamily buildings of 5+ units vs. 46,100 Btu per square foot for single family detached homes.

³ *Id.* Note: 51.9 million Btu per household for multifamily buildings of 5+ units vs. 128.0 million Btu per household for single family detached homes.

1 customer charges would make it harder for customers to impact their total bills through installing
2 measures that save energy in their homes. Each energy saving step taken would have lower
3 payback, thereby disincentivizing behavior change and the installation of energy saving
4 measures.

5 The National Housing Trust strongly supports lower residential fixed charges. Without
6 commenting on the specific appropriateness of the residential fixed charge increases proposed,
7 we include here, for educational purposes only, the residential fixed charges of several peer
8 natural gas utilities—the largest utilities in several central states.⁴ The median residential fixed
9 charge listed here is \$13.72 and the average is \$14.19.⁵

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⁴ For our purposes, these are the natural gas utilities with the largest market share in their state based on residential volume sales in 2015 (at least the top two in each state included). Residential volume sales are based on figures reported by the U.S. Energy Information Administration. Rate schedules and definitions reflect the published tariffs of each utility as reported by each utility or by the state’s public service commission. The Form EIA-176 sales data are available here:

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

⁵ Includes Ameren Gas’ proposed fixed charge and does not include Ameren Gas’ current fixed charge.

1 Table 1: Residential Fixed Charges of Peer Natural Gas Utilities (April 2019)

State	Utility	Fixed Charge	Sector	State	Utility	Fixed Charge	Sector
SD	Mont.-Dakota Util. Co.	\$7.91	Residential	IN	NIPSCO	\$14.00 [^]	Residential
SD	MidAmerican Energy	\$8.00 [*]	Other	WI	WI Electric & Gas	\$14.00	Residential
IN	Citizens Energy Group	\$9.00 [‡]	Residential	MO	Ameren current	\$15.00	Residential
MN	Xcel Energy	\$9.00	Residential	TN	Piedmont Natural Gas Co.	\$15.45 [~]	Residential
MN	CenterPoint Energy	\$9.50	Residential	KY	Columbia Gas of KY	\$16.00	Residential
IA	MidAmerican Energy	\$10.00	Residential	IL	NICOR, IL	\$16.06	Residential
WI	Wisconsin Gas	\$10.04	Residential	KY	Louisville G&E Co.	\$16.35	Residential
TN	Memphis LG&W	\$10.22	Residential	IL	Peoples Gas	\$16.37 [‡]	Residential
AR	CenterPoint Energy	\$10.75	Residential	WI	WI Public Srvc Corp.	\$17.00	Residential
IN	Vectren Corp. - South	\$11.00	Residential	MO	Ameren proposed	\$17.00	Residential
IN	Vectren Corp. – North	\$11.25	Residential	KS	Black Hills Energy	\$17.25	Residential
MI	DTE Energy	\$11.25	Residential	KY	Atmos Energy Corp.	\$17.50	Residential
MI	Consumers Energy	\$11.75	Residential	KS	Kansas Gas Service	\$18.70	Residential
IN	Citizens Energy Group	\$12.00 ⁺	Residential	NE	Black Hills Energy	\$19.05	Residential
AR	Black Hills Energy	\$12.33	Residential	MO	Spire - MGE	\$20.00	Residential
IA	Alliant Energy	\$13.00	Residential	MO	Spire - Laclede	\$22.00	Residential
NE	Metro Util. Dist of Omaha	\$13.72	Residential	IL	Peoples Gas	\$30.84 ⁺	Residential

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

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3 I view the Company’s proposal to raise residential fixed charges as working in direct

4 opposition to the beneficial low-income energy efficiency programs proposed by the Company.

5 These low-income programs are essential, because while low-income multifamily households

6 can respond to price signals with behavior change to conserve energy, they have little ability to

7 invest in physical improvements to their apartments and are thus particularly vulnerable to rising

8 energy costs. First, they lack the means to invest in upgrades. Second, over 96% of multifamily

9 households in Ameren Gas’ territory rent, and thus lack the decision-making power to change the

10 physical characteristics of their apartments via new energy-saving equipment/measures.⁶ For

⁶ Census Table B25032. 2013-2017 American Community Survey 5-Year Estimates. Matched to Ameren Gas territory Census tracts. Over 96% of multifamily households rent regardless of whether we define multifamily as buildings with 3+ units or with 5+ units.

1 these reasons, and in light of the Company’s prediction of increased residential bills, it is
2 essential that the Company provide robust energy efficiency offerings for the low-income
3 multifamily sector.

4 **Q. What are your opinions on the Company’s proposal to increase the fixed customer**
5 **charges for general service customers?**

6 Both the proposed residential and proposed general service charges are relevant to the
7 multifamily sector: residential rates are relevant for individually-metered buildings, and general
8 service charges may be relevant for common area meters and for master-metered buildings.⁷ As
9 we understand it, master-metered affordable multifamily buildings and affordable multifamily
10 common area meters often fall into the General Service category, for which the proposed change
11 to the fixed charge is from \$28.83 to \$32.50.⁸ Such a change would make energy efficiency
12 upgrades less financially attractive in master-metered affordable multifamily buildings and in
13 common areas, thus disincentivizing owners from pursuing improvements.

14 We strongly support decreases in fixed charges across all service categories impacting the
15 affordable multifamily sector, including general service rates. Without providing our opinion on
16 what specific fixed charges would be appropriate for general service customers, we include here,
17 for educational purposes only, the general service fixed charges of the same peer utilities as
18 above.⁹ In this case, for simplicity, we include only the fixed charges for the smallest general
19 service or commercial usage class existing for these utilities (or multifamily class, where it

⁷ Ameren Gas, *Response to NHT DR-001*, File No. GR-2019-0077, April 1, 2019. Note: The Company indicated that multifamily building residents would receive the Residential Service rate. However, it was not clear whether some multifamily buildings might not receive the General Service rate, either for common areas or for master-metered buildings. Thus, both service classes are addressed in this testimony.

⁸ *Tariff Revision*, YG-2019-0113, December 3, 2018, Sheet No. 10, p. 8.

⁹ See previous footnote for information on how utilities were chosen.

1 exists). The median general service/commercial fixed charge listed here is \$25.85 and the
 2 average is \$25.95.¹⁰

3 Table 2: General Service/Commercial Fixed Charges of Peer Natural Gas Utilities (April 2019)

State	Utility	Fixed Charge	Sector
SD	MidAmerican Energy	\$8.00	None
IA	MidAmerican Energy	\$10.00	General Service
WI	Wisconsin Gas	\$10.04	Commercial/Industrial
MI	Consumers Energy	\$11.25*	Multifamily
SD	Mont.-Dakota Util. Co.	\$13.69	General Service
AR	CenterPoint Energy	\$14.67	Commercial
MN	CenterPoint Energy	\$15.00	Commercial/Industrial
IN	Vectren Corp. - North	\$17.00	General Service
WI	WI Public Srvc Corp.	\$17.00	Commercial/Industrial
IN	NIPSCO	\$17.50*	Multifamily
NE	Metro Util. Dist of Omaha	\$18.62	Commercial/Industrial
IN	Citizens Energy Group	\$22.00 ⁺	General Heating Service
IN	Vectren Corp. - South	\$22.00	General Service
MN	Xcel Energy	\$25.00	Commercial
AR	Black Hills Energy	\$23.04	Business
IN	Citizens Energy Group	\$25.00 [≠]	General Non-Heating Service
IL	NICOR	\$25.85	General Service
KS	Black Hills Energy	\$26.45	Commercial
KS	Kansas Gas Service	\$28.65	Commercial
MO	<i>Ameren current</i>	<i>\$28.83</i>	<i>General Service</i>
WI	WI Electric & Gas	\$29.00	Commercial/Industrial
MO	Spire - MGE	\$30.00	General Service
TN	Memphis LG&W	\$30.65	General Service
MI	DTE Energy	\$31.00*	Multifamily
NE	Black Hills Energy	\$31.77	Commercial
MO	<i>Ameren proposed</i>	<i>\$32.50</i>	<i>General Service</i>
IA	Alliant Energy	\$34.00	General Service
MO	Spire - Laclede	\$35.00	General Service
IL	Peoples Gas	\$35.35	General Service
TN	Piedmont Natural Gas Co.	\$44.00	General Service
KY	Atmos Energy Corp.	\$44.50	General Service
KY	Columbia Gas of KY	\$44.69	General Service
KY	Louisville G&E Co.	\$60.00	Commercial
*Multifamily, ⁺ Heating customers, [≠] Non-heating customers			

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¹⁰ Includes Ameren Gas' proposed fixed charge and does not include Ameren Gas' current fixed charge.

1 **Q. What are your opinions on the Company’s proposed Weather and Conservation**
2 **Adjustment Rider?**

3 A. As an advocate for low-income households, we strongly support the Company’s proposed
4 Weather and Conservation Adjustment Rider, provided it is paired with robust, well-designed
5 energy efficiency programs, including sufficiently large budgets for low-income energy
6 efficiency in multifamily properties. Decoupling will enable the Company to increase its energy
7 efficiency investments without impact to its bottom line. These increased efficiency investments
8 will help offset the impact of proposed bill increases affecting low-income multifamily
9 buildings.

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

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

15 A. Yes, it does.

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