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File No. EO-2015-0055

SURREBUTTAL TESTIMONY

OF

CARA DOLLY

ON

BEHALF OF

UNION ELECTRIC COMPANY

d/b/a Ameren Missouri

St. Louis, Missouri

April 2015

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SURREBUTTAL TESTIMONY

OF

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FILE NO. EO-2015-0055

1

I. INTRODUCTION

2

Q. Please state your name and business address.

3

A. My name is Cara Dolly. My business address is One Ameren Plaza,

4

1901 Chouteau Avenue, St. Louis, Missouri 63103.

5

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

6

A. I am employed by Union Electric Company d/b/a Ameren Missouri ("Ameren

7

Missouri" or "Company") as Manager of Energy Efficiency.

8

Q. Please describe your educational background and qualifications.

9

A. I have a BS in Industrial Engineering from SIU Carbondale and an MBA from

10

Lindenwood University.

11

Q. Please describe your employment history.

12

A. I have thirty years of experience in the electric and gas utility industry.

13

My experience began in 1985 in Clinton, IL at what is now the Exelon Nuclear

14

Generation Plant during the plant's construction, and I worked there through the fifth

15

refueling outage. For the next ten years, I held various positions involved with the design

16

and construction of gas and electric distribution systems. Ten years ago, I joined Ameren

17

Services in the Product & Services group as a Product Supervisor working on electric energy

18

efficiency projects. For the past seven years, I have worked in my current position as

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1 Manager of Energy Efficiency to implement Residential Electric Energy Efficiency Programs
2 for Ameren Missouri.

3 **Q. Please describe your duties and responsibilities as Manager of Energy**
4 **Efficiency for Ameren Missouri.**

5 A. As a Manager of Energy Efficiency, I am responsible for the day-to-day
6 design, development, implementation and on-going support and execution of the residential
7 energy efficiency portfolio of programs, including Lighting, Products, Multifamily Income
8 Qualified (low-income), Multifamily, Home Energy Audit, New Home Construction,
9 Refrigerator Recycling, and HVAC. I developed and launched an innovative Social
10 Marketing Distribution program that has distributed more than one million CFLs through
11 food banks. I collaborate with other Non-Ameren Missouri Utility Programs to jointly
12 deliver programs for the benefit of low-income customers. I am also active in promoting and
13 reviewing emerging technologies in energy efficiency. In 2014, I presented at and attended
14 the NRDC conventions on Multifamily Housing in Missouri and Illinois. In 2013-14, I
15 participated in roundtable sessions on the development of Governor Nixon's recently
16 announced Home Owner Certification program. In 2013, I was asked to present our
17 performance leading Multifamily Low-Income program as part of a panel at ACEEE's Fall
18 Conference. I have also been asked to present on topics for Chartwell webinars, such as
19 lighting merchandising.

20 **II. PURPOSE OF TESTIMONY**

21 **Q. What is the purpose of your surrebuttal testimony?**

22 A. The purpose of my surrebuttal testimony is to respond to points raised in the
23 rebuttal testimonies of National Housing Trust's witness Annika Brink, and Tower Grove

1 Neighborhood Community Development Corporation’s witness Dana Gray, regarding
2 Ameren Missouri’s participation in Electric Energy Efficiency Multifamily and Multifamily
3 Low-Income Programs.

4 **III. CREATING A SEPARATE ENERGY EFFICIENCY PROGRAM TO**
5 **ADDRESS MULTIFAMILY HOUSING.**

6 **Q. What is Ameren Missouri currently doing to address energy efficiency**
7 **measures for multifamily housing and do you believe that program adequately meets**
8 **the needs of low-income customers?**

9 A. The Multifamily Income Qualified (“MFIQ”) program is designed to deliver
10 long-term energy savings and bill reductions to low-income customers through direct
11 installation of a variety of cost-effective lighting and appliance measures. We have
12 efficiently and effectively produced practical solutions that will continue to bring positive
13 change to our region for years to come in the form of energy and financial savings for
14 customers and the promotion of a cleaner environment.

15 MFIQ reaches tens of thousands of residents across Ameren Missouri's service area,
16 including St. Louis City and County, St. Charles and Franklin Counties, and Ste. Genevieve
17 and other rural Missouri counties. Families that are in financial distress do not have the
18 resources necessary to make energy efficiency improvements, even ones that ultimately pay
19 for themselves in energy savings. MFIQ not only provides these customers with necessary
20 upgrades, but also educates them about how actions taken today can directly affect their
21 future energy use and energy costs. The energy savings these upgrades create can really add
22 up. With an average expected lifespan for most energy-efficiency measures of 10-15 years,

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1 customers can expect to save thousands of dollars while also improving their households and
2 communities.

3 The target market for the MFIQ program is building owners, managers, operators,
4 and developers of properties with dwelling units of three or more in buildings participating in
5 a federally-subsidized housing program. The program provides the contract staff and covers
6 the cost to remove, install, and decommission (where necessary) the measures, and there is
7 no cost to participate in the program.

8 The energy efficiency measures available through the program include: change-out
9 of incandescent bulbs to Compact Fluorescent Lights (“CFLs”); ensuring proper wattage and
10 color rendering for seniors; domestic electric hot water measures, including hot water pipe
11 wrap, faucet aerators, and low flow showerheads; programmable thermostats; replacement of
12 pre-2002 appliances with ENERGY STAR® refrigerators, ENERGY STAR® windows or
13 thru-the-wall air conditioners; and central air conditioner tune-ups, when applicable. All of
14 these items are accompanied by a campaign to inform and educate building tenants about the
15 energy efficiency improvements being implemented in their multifamily units. The tenants
16 are the direct beneficiaries of the in-unit improvements. Adoption of the energy efficiency
17 measures I just described can reduce a tenant’s electric bill by as much as \$125 annually. For
18 tenants who also use natural gas, those measures can reduce annual gas bills by about \$32.00.
19 Although utilities in neighboring states, as well as within Missouri itself, have focused more
20 on rebate programs, Ameren Missouri decided to focus on providing high energy savings at
21 no cost to the low-income customers. According to the U.S. Department of Agriculture
22 (“USDA”), which administers USDA Rural Development programs that provide low-income

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1 housing subsidies, Ameren Missouri's MFIQ is the only program of its kind in states
2 surrounding Missouri.

3 One specific measure that has been particularly popular is the window air conditioner
4 program, where a less efficient unit is replaced with a more efficient ENERGY STAR® unit
5 at no cost to the customer. Other utilities' programs provide a rebate to encourage air
6 conditioner replacements, but none of them offer a no-cost replacement (including removal
7 and installation).

8 Our multifamily program has also evolved over time. The original design included
9 dehumidifiers, but this measure was eliminated when we determined few low-income
10 residents of multifamily units used dehumidifiers. We also added in-wall air conditioning
11 units to the program when we learned many of the USDA properties had units that were
12 installed through an opening in the wall.

13 **Q. Has Ameren worked to provide common area improvements and**
14 **upgrades in buildings that participate in the MFIQ program?**

15 A. Yes. To further promote energy efficiency throughout the buildings which
16 receive multifamily tenant unit upgrades, property managers are asked to make a
17 commitment to install energy-efficient common area lighting measures, either independently
18 or through Ameren Missouri's business program offering. To help offset building expenses,
19 the building owner/manager is provided the option of using a re-assignment form, which
20 allows the trade-ally to be paid the incentive directly, thus avoiding the need for the building
21 owner to obtain financing or to pay that portion of the bill and then wait for reimbursement.

1 **Q. What support has Ameren Missouri provided for the MFIQ program?**

2 **A.** Ameren Missouri has always been willing to provide guidance or seek
3 opportunities with all stakeholders. Since we launched the program in 2009, we have held
4 meetings with USDA, the Housing and Urban Development Administration (“HUD”), local
5 government officials, and other meetings coordinated through our Ameren Missouri
6 Community Relations Department. These contacts create a pipeline of potential program
7 participants, who are then referred to our business program. Ameren Missouri simply asks
8 that property owners and/or management companies provide an open-ended commitment to
9 upgrading the common areas with similar measures installed as part of the MFIQ program.

10 To overcome skepticism from participants, program personnel invest time in
11 reviewing program materials with property managers to ensure they understand all aspects
12 and goals of the program, and to gain their interest and willingness to participate. Once these
13 managers are on board with the program, program personnel obtain referrals from the
14 managers for other related properties within the USDA or HUD network, as appropriate, and
15 repeat the process. By getting the main decision-makers engaged first, the message around
16 the benefits of program participation flows down to the property managers, which helps
17 make it easier for program personnel to overcome skepticism and enroll program
18 participants.

19 Getting participants to complete the program application can be a challenge, due to
20 the small amount of staff present on the property to perform such tasks. To help ease this
21 burden, Ameren Missouri has developed a web-based application process to streamline some
22 of the required steps. This provides another option for program participants to complete the
23 application. In addition, Ameren Missouri provides the necessary labor to assist with the

1 collection of refrigerator and air conditioner unit data, if needed. Because this involves
2 personnel entering customers' dwellings, obtaining residents' trust is paramount. However,
3 this service also creates administrative challenges. Properties have specific guidelines
4 regarding when and under what circumstances an apartment can be entered. In almost all
5 cases, prior notice is required. But, the time and effort Ameren Missouri expends are greatly
6 appreciated by the participants and helps to ensure application completion.

7 **Q. What are the difficulties of addressing energy efficiency issues for multi-**
8 **family housing, especially low-income multifamily housing?**

9 A. Engaging managers of multifamily properties, as well as the income-qualified
10 residents of these properties, can prove challenging for a variety of reasons. Several current
11 obstacles to success include:

12 1) In 2013, Ameren Missouri pursued legislation to remove from MEEIA the
13 low-income tax credit restriction, which is a barrier to low-income participation in electric
14 utility energy efficiency programs.¹ Although some changes were made, certain provisions
15 of MEEIA are still a barrier to building owners and managers being eligible for low-income
16 incentives. A similar problem exists regarding rehabilitation tax credits for historic structures
17 available under Chapter 253 of the Missouri Revised Statutes.

18 2) The funding provided for Residential Energy Efficiency Programs has a three-
19 year implementation limit and a three-year savings goal. Whole building retrofits are most
20 often multi-year projects. Given these limitations, there are several barriers to coordinating
21 deep building retrofits for low-income residents. Customers who need the incentives will not

¹ Section 393.1075.14, RSMo.

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1 begin projects without a guarantee of payment at the end, and trade allies working a project
2 that falls beyond the incentive period risk huge losses both financially and professionally. In
3 addition, funding cycles for electric and gas programs are different, and funding cycles for
4 Ameren Missouri programs are different than those for the Missouri Housing Development
5 Commission ("MHDC"). These differences create problems for property owners who want to
6 install energy efficiency measures.

7 3) Based on the Company's experience, landlords are not very interested in
8 investing in energy efficiency improvements. Ameren Missouri commissioned focus groups
9 of participating building owners as part of the 2016-2018 potential study and asked why they
10 are not upgrading their buildings. The response was energy efficiency is not marketable to
11 prospective tenants, they are reluctant to replace existing equipment that still works, and lead
12 and asbestos abatement concerns stop them from entering into these types of large
13 construction projects.

14 4) Partnering with other utilities is easy for others to recommend but not easily
15 achieved. Gas utilities have limited budgets, and in Missouri there are no incentives to
16 promote energy efficiency. Budget and program cycles are not the same for gas and electric
17 utilities and require different program approval processes and criteria. Gas utilities are not
18 subject to MEEIA but electric utilities are. All of the aforementioned issues make it difficult
19 to develop a successful partnership that is able to make an energy efficiency offer to a
20 customer that has value to them.

21 **Q. What obstacles have you encountered in trying to qualify customers to**
22 **participate in low-income programs?**

1 A. Qualifying participants can be a costly administrative process, which is why it
2 is beneficial to use an existing pre-screened income eligible customer base for our program.
3 In Ameren Missouri's current program, customers are eligible if they reside in federally-
4 subsidized housing. Our goal, in using a pre-screened customer base, was to ensure income-
5 qualified customer segments in both our urban and rural service territories would have equal
6 access to the program. In 2009, the initial market assessment identified approximately
7 29,000 units that were not eligible for funding under the American Recovery and
8 Reinvestment Act of 2009 ("ARRA") but could receive energy efficiency upgrades from the
9 Ameren Missouri program. Additionally, existing screening criteria have allowed us to
10 target a fairly finite segment of our customer base so a post-ARRA transition could be made
11 back to working with the weatherization agencies that serve single family low-income
12 homes. As of the first quarter of 2015, we have upgraded more than 28,800 units, which
13 positively impacts 80,000-95,000 low-income customers. We will have completed upgrades
14 to this population as initially identified by the end of 2015.

15 **Q. Why did Ameren Missouri change its Cycle II Program Description to**
16 **include single family dwellings in a low-income program that previously served only**
17 **multifamily units?**

18 A. In 2009, Ameren Missouri's residential portfolio's low-income component
19 was proposed as a single-family, low-income weatherization program. The plan was to
20 collaborate with existing agencies within Ameren Missouri's service territory in order to
21 integrate the program into the existing provider network for the Department of Natural
22 Resources ("DNR") Weatherization Assistance Program ("WAP"), thereby maximizing
23 Ameren Missouri's resources. Ameren Missouri also planned to partner with DNR's network

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1 of local agencies, the Missouri Association for Community Action ("MACA"), and Linn
2 State Technical College to train and educate weatherization and home performance
3 contractors, deliver direct installation of low-cost measures, as well as more comprehensive
4 whole-house energy improvements and measure and verify electrical energy savings
5 achieved through these improvements.

6 However, when ARRA was announced, Ameren Missouri decided to change the
7 single-family offering into a multifamily income-qualified program to serve customers
8 ineligible for weatherization through ARRA. Both Ameren Missouri and the contract
9 implementation team agreed the modification was the best use of utility resources as a
10 significant influx of stimulus funds exceeded the local community action agencies' current
11 capacity to deliver services, even without additional funding from Ameren Missouri.

12 The MEEIA 1 cycle did include the intent to move toward single-family dwellings
13 within the period covered by that filing. During the MEEIA 1 cycle, Ameren Missouri has
14 approached stakeholders to add a single-family component, but that effort was rejected
15 because a single-family component was not specified in the original tariff. It was anticipated
16 that Ameren Missouri's targeted multifamily audience of 29,000 USDA and HUD housing
17 units would be exhausted and opportunities in single-family would be greater than ever due
18 to post-ARRA changes.

19 **Q. What burdens and additional administrative costs would be involved if**
20 **Ameren Missouri were required to establish a separate program to serve multifamily**
21 **housing? Are those additional burdens and costs justified?**

22 **A.** I do not believe it would be beneficial or cost-effective for the Company to
23 develop an energy efficiency program only for multifamily buildings. As I have already

1 discussed, our proposed low-income programs for MEEIA Cycle 2 focus on both residents,
2 owners, and managers of multifamily buildings, and neither Ms. Brink nor Ms. Gray provide
3 any evidence that creating a specific program to serve only multifamily buildings would
4 materially increase the effectiveness of our energy efficiency efforts. Adding such a program
5 would, however, increase costs and those costs ultimately are paid by Ameren Missouri's
6 customers.

7 **Q. Does Ameren Missouri have experience with managing a multifamily**
8 **program?**

9 **A.** In 2009, Ameren Missouri launched a Multifamily Building Retrofit Program
10 with program implementation contractor Lockheed Martin and sub-contractor Steven
11 Winters. Throughout 2009, building participants were targeted and the program recruited
12 and trained multifamily trade allies to develop the knowledge required to improve efficiency
13 in multifamily buildings. Incentives for whole building envelope improvements were
14 offered, and rebates were offered to building owners to upgrade individual tenant units in
15 both low-income and non-low-income multifamily buildings. After twelve months, only 28
16 buildings were enrolled for in-unit measure replacement and no building envelope work had
17 been initiated or completed. In December 2009, we transferred implementation to
18 Honeywell. Ameren Missouri worked with Honeywell to modify the program design, which
19 included providing low-income tenant unit upgrades at no cost. Efforts continued to build
20 momentum for the Multifamily Building Retrofit Program, but due to non-participation, the
21 Company filed a tariff in May of 2010 to cancel the Multifamily Building Retrofit Program
22 and move common area 2M, 3M and 4M work to the Business Standard & Custom
23 programs. Additionally, Ameren Missouri determined not to continue the in-unit market rate

1 program for multifamily dwellings. Non-low-income multifamily customers are eligible to
2 take advantage of energy efficiency programs through retailers just as single-family
3 customers are eligible to do.

4 **IV. CREATING A “ONE-STOP SHOP” APPROACH TO ADDRESSING**
5 **THE ENERGY EFFICIENCY NEEDS OF MULTIFAMILY RESIDENCES.**

6 **Q. What are the obstacles/problems with Ameren Missouri assuming**
7 **responsibility for being the “one-stop shop” for the energy efficiency needs of**
8 **multifamily residences in areas where gas service is provided by a different utility?**

9 A. While I understand and can appreciate the potential advantages of a one-stop-
10 shop for all low-income energy efficiency measures, designing and implementing such a
11 solution creates a number of challenges that cannot easily be overcome. Moreover, because
12 a one-stop-shop solution is not part of Ameren Missouri’s MEEIA Cycle 2 proposal, it would
13 be difficult to design and implement such a feature at this point. As I already have explained,
14 our current approach is comprehensive and provides a great deal of information to tenants, as
15 well as to building owners and managers. Therefore, it may not be necessary to implement a
16 one-stop-shop procedure, at least in the near-term future.

17 In addition, in Ameren Missouri's view, the cost to establish and manage a one-stop-
18 shop should not be the sole financial responsibility of the Ameren Missouri electric
19 ratepayers.

20 **Q. Does the “bifurcated model” Ms. Brink describes on page six of her**
21 **rebuttal testimony really present problems for owners of multifamily residences to**
22 **learn about and implement energy efficiency programs?**

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1 A. No. Generally, the primary way participants become informed of the program
2 is through contact with the implementation contractor's low-income field sales
3 representative. Honeywell, the program implementer, conducts outreach to property owners
4 and managers directly through telemarketing, in-person presentations, and street canvassing.
5 The field sales representative is responsible for notifying and recruiting multifamily
6 properties to the program. Additionally, Missouri building owners and managers who are
7 interested in the Residential Multifamily Income Qualified program can make contact with
8 the program in a variety of ways. The program has a local office and a toll-free number that
9 customers can call for information and to request the field sales representative to come to
10 their business. To further inform and educate these owners and managers, the field sales
11 representatives can provide a slide presentation, program overview brochure, program
12 signage, and sample tenant communication and training materials so the owners and
13 managers thoroughly understand the program and can prepare their tenants.

14 The Ameren Missouri contact center can also provide information, and may transfer
15 inquiries to the program phone line. Program contact information is also on the Ameren
16 Missouri website as well as on program brochures. For customers that participate in the
17 MFIQ program, both electric and gas residential measures will be handled at the same time.

18 At the time of the residential program recruitment, owners and managers are
19 informed of the incentives available for common area improvements that can be made
20 through the business program. The business program also sends follow-up information to
21 building owners who participate in the residential upgrades to encourage them to participate
22 in other energy efficiency improvements. A potential participant only needs to show interest
23 and they will be able to get all the information they need to proceed with energy efficiency

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1 upgrades. If a customer contacts the business program to inquire about energy efficiency
2 opportunities, the initial call is answered by a project coordinator who is the central point of
3 contact for business customers. The project coordinator will then triage the call by providing
4 information on the steps for participation, direct callers to required forms, and connect them
5 to program trade allies. Callers requiring additional information or assistance will be referred
6 to the business development team. At that point, a business development person can meet at
7 the customer's site and provide one-on-one guidance through the process.

8 Business programs are primarily offered through trade ally partners, who are local
9 tradespeople offering services to these customers interested in energy efficiency retrofits.
10 These are the same trade allies the building would normally work with for repairs and
11 improvements. They are knowledgeable about available utility incentives and people to
12 contact if there are any questions. Because these incentives represent potential benefits, we
13 have found trade allies are proactive in making sure all savings are identified and some will
14 even perform audits at no charge in exchange for the contract to do the work.

15 **Q. Does the “alternative/transitional step” that Ms. Brink describes on**
16 **page 7 of her rebuttal testimony (i.e. establishing a “one-stop portal” that creates the**
17 **appearance of a unified program) represent any significant advantages over Ameren**
18 **Missouri’s current program?**

19 A. I do not believe it does. Ameren Missouri programs currently have online
20 applications that achieve the collection of information necessary to meet regulatory and
21 program requirements. Moving them to a single location would require significant additional
22 time and investment on the part of Ameren Missouri, Laclede Gas, and any other utilities
23 involved to develop and implement such a portal. Determinations and cost associated with

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1 hosting, cyber security requirements and maintenance, auditing, management of initial
2 documentation and data collection, and meta-data storage are initial hurdles that come to
3 mind.

4 Currently, each of the programs ensures the customer is aware of all savings available
5 to them. Each program implementer is motivated to get all possible savings and is willing to
6 help the customers achieve that goal. In Business Programs, trade allies can combine gas and
7 electric measures into their building offerings. There are examples since 2011 of this type of
8 collaboration on business projects. In Missouri, energy efficiency programs are funded by
9 customer class and fuel type, and because of that, Ameren Missouri and Laclede have
10 proactively developed parsing criteria for shared measure opportunities. This allows for
11 measures that may not be cost effective as electric only or gas only to be provided jointly.
12 This cooperative effort also ensures the program benefits are paid for by and attributed to the
13 correct customers.

14 **Q. Are energy assessments for multifamily housing part of Ameren**
15 **Missouri's Cycle 2 Program?**

16 A. No. Energy assessments are not part of the proposed MEEIA 2 cycle. Energy
17 assessments have been provided for business customers in the past as part of the business
18 offerings, but our experience has been that customers did not act on the assessment's
19 recommendations. Energy assessments, by themselves, do not contribute to program savings
20 goals, and with no follow through, they simply add costs that make our programs less cost
21 effective. In some cases, trade allies will provide audits and waive the cost if they get the
22 contract to do the installation work.

1 **Q. Is there any justification for giving a bonus to owners of multifamily**
2 **housing, as proposed on page 7 of Ms. Brink’s testimony?**

3 A. Traditionally, both Ameren Missouri and our stakeholders have expressed
4 concerns about providing an increased incentive to building owners and managers of
5 multifamily properties who are not themselves qualified as low-income. These are
6 businesses and there is concern that they should not receive funds intended to benefit low-
7 income customers.

8 **Q. Does the Company agree with Ms. Brink’s proposal to require easy access**
9 **to whole building monthly energy usage data?**

10 A. Yes. Ameren Missouri currently offers access to energy usage data through
11 our Property Management program. This is free to property managers, landlords, and
12 property owners and has many benefits. One benefit is that the landlord has access to usage
13 reports for any apartment they have added to the program. This information is easy to
14 retrieve and resident consent is not required. In addition, tenants also have the option to
15 contact the utility for usage details. Also, if a property manager is working with the Ameren
16 Missouri's business program to improve their building efficiency the business program can
17 provide the property manager with usage data for their common areas.

18 **V. PROPOSAL TO INCLUDE UNSUBSIDIZED AFFORDABLE**
19 **HOUSING IN THE LOW-INCOME PROGRAM**

20 **Q. Ms. Brink appears to assume that all “affordable” multifamily housing is**
21 **also low-income housing. Is this assumption justified?**

22 A. No. All customers who reside in "affordable" multifamily buildings are not
23 low-income, and therefore would not qualify for benefits provided under Ameren Missouri's

1 low-income programs. Table 1-1 on page 9 of Ms. Brink’s rebuttal testimony illustrates this
2 point. More than half of the multifamily units in Ameren Missouri’s service area classified as
3 “affordable” are identified as “unsubsidized affordable.” Many, perhaps most, of these
4 unsubsidized units are occupied by customers who do not qualify as low-income.

5 **Q. Would there be any problems in including both low-income and non-low-**
6 **income residents of affordable multifamily housing together?**

7 A. Yes, combining those two groups would present problems. In the market
8 characterization used by Ameren Missouri, we determined there were 29,107 units in
9 multifamily apartment buildings managed for the benefit of income-qualified households.
10 That is less than one-fourth of the total affordable units shown in Ms. Brink’s table. This
11 aggregate of properties and units provided a ready target market of owners, operators,
12 managers, developers and re-developers of multifamily residential facilities. Because there
13 were no efficiency programs for low-income multifamily units in our territory, this is an
14 under-served market segment, we believed would receive high acceptance and participation
15 in the program.

16 The low-income program was designed to target multifamily income-qualified
17 properties consisting of three or more dwelling units. For the purposes of this Program, the
18 term “income-qualified” refers to tenant occupants residing in federally-subsidized housing
19 units that fall within the low-income, very low-income, or moderate-income guidelines,
20 depending on the supporting federal housing program. Typical tenants include elderly or
21 disabled individuals, or families that are income-eligible based on county median income
22 comparable to up to 300 percent of the poverty level.

1 There are concerns that non-subsidized units could become higher rent properties,
2 thereby removing any benefit the customer may have achieved with the energy savings.

3 **Q. Ms. Brink also proposes to include Low-Income Housing Tax Credit**
4 **multifamily buildings in the low-income program. What potential problems does that**
5 **proposal present?**

6 A. In 2013, Ameren Missouri pursued legislation to remove the low-income tax
7 credit restriction from MEEIA, which is a barrier to low-income participation in electric
8 utility energy efficiency programs. Although some changes were made, MEEIA is still a
9 barrier to building owners and managers of low-income properties who would apply for
10 electric energy efficiency incentives.

11 **Q. Does Ms. Brink's proposal to expand eligibility for low-income programs**
12 **through a checklist of eligibility criteria pose any administrative problems?**

13 A. From the program administration standpoint, it is beneficial to use existing
14 screening criteria to identify customers who are eligible to participate in energy efficiency
15 programs designed for low-income customers. Under Ameren Missouri's current program,
16 customers are eligible if they reside in federally-subsidized housing. The goal of using this
17 pre-screened customer base was to ensure income-qualified customer segments in both the
18 urban and rural service territories would have equal access to the program. Ameren
19 Missouri's low-income guidelines for 2016-2018 identify customers at or below 200 percent
20 of the poverty guidelines. The Department of Energy Weatherization Assistance Program
21 Guidelines also uses 200 percent of poverty to determine low-income eligibility. By aligning
22 with this commonly accepted measure, it reduces customer paperwork and administrative
23 costs for income verification to determine program eligibility. In 2009, when ARRA was

1 enacted, the DOE guidelines went from 150 percent to 200 percent of poverty level. DNR
2 estimates that the number of income-qualified customers in Missouri doubled.

3 Unsubsidized multifamily units are currently eligible to participate in common area
4 upgrades through the business energy efficiency programs, and if those units have electric
5 water heating, the building owner can also receive free electric water heating kits to install in
6 the units through the Residential Energy Efficient Water Heating Kit offerings. These kits
7 are also offered at no charge to electric water heating single-family customers.

8 **Q Are there any other potential problems to expanding the program, as**
9 **Ms. Brink and Ms. Gray propose?**

10 A. Although I am not a lawyer, I have been advised by my counsel that there may
11 be potential legal problems in expanding the program as Ms. Brink and Ms. Gray
12 recommend. As I noted earlier in my testimony, MEEIA specifically exempts low-income
13 energy efficiency programs from the cost-effectiveness standards imposed by that act. But
14 that exemption is limited to low-income customers, and it is far from certain if the expansion
15 proposed by Ms. Brink and Ms. Gray fits within the narrow scope of that exemption. Table
16 1-1 on page 9 of Ms. Brink’s rebuttal testimony illustrates the potential problem. Roughly
17 half of the multifamily units in Ameren Missouri’s service area are classified as “affordable,”
18 and slightly more of the affordable units are identified as “unsubsidized affordable.” It is far
19 from clear how many, if any, of the families who inhabit the “unsubsidized affordable” units
20 would qualify as low-income under MEEIA. Thus, while it may be laudable to argue, as
21 Ms. Brink does, that the low-income program should be expanded to include all multifamily
22 units classified as “affordable,” the cost-effectiveness exemption provided by MEEIA only
23 applies to low-income customers. Therefore, expanding the program would require Ameren

1 Missouri 1) to verify the income of all residents of affordable multifamily dwellings, and 2)
2 based on that information, segregate out, for a separate cost-effectiveness test, energy
3 efficiency program costs attributable to customers who are not low-income. Ameren
4 Missouri does not have income information on all its customers, and it would be
5 unreasonable to require the Company to obtain that information and periodically verify its
6 accuracy. Without that information, it would be impossible to determine which program costs
7 qualify for the low-income cost-effectiveness exemption under MEEIA.

8 **Q. On page 11 of her rebuttal testimony, Ms. Brink identifies four steps she**
9 **wants Ameren Missouri to take to improve its energy efficiency programs for**
10 **multifamily residences. Please address each of these proposals and identify any**
11 **additional costs and potential problems with each.**

12 A. Step 1 – A Targeted Multifamily Program. Ameren Missouri runs several
13 programs which have a variety of channels and audiences within a single program. For
14 example, the Ameren Missouri Lighting program has four different distribution channels:
15 retail, online, coupon, and free. In a situation where we can offer the same or similar product
16 and benefit from using a single program implementer, this is the best use of our customers'
17 dollars. It is important to look for economies of scale in project management to reduce
18 administrative costs when possible. A program targeted exclusively at multifamily dwellings
19 would not allow us to achieve that objective. Additionally, program design, processes and
20 protocols are varied according to the channel and audience being served regardless of the
21 overarching program.

22 Programs that serve the needs of low-income customers exist in many forms and
23 sizes. Under the DOE Weatherization Assistance Program, both multifamily and single-

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1 family dwellings are included and served by the same program, and I am not aware of issues
2 that have arisen serving both sectors with a single program.

3 Step 2 – A One-Stop-Shop for Multifamily and Multifamily Low-Income Programs.
4 This question has been addressed in other portions of my testimony. In summary, we believe
5 the programs and procedures currently in place, as well as those proposed for MEEIA Cycle
6 2, provide ample opportunities for property owners, managers and low-income customers to
7 obtain all information and assistance necessary to take advantage of the energy efficiency
8 measures we offer.

9 Step 3 – Include Bonus Incentives for Building Owners in the Business Custom Or
10 Other Commercial Programs. This question has been addressed in other portions of my
11 testimony. In summary, these are businesses and there is concern that they should not
12 receive benefit from funds intended to benefit low-income customers.

13 Step 4 – Provide Building Owners and Managers Easy Access to Aggregate Whole
14 Building Energy Usage Data. This question has been addressed in other portions of my
15 testimony. In summary, Ameren Missouri already makes energy usage data available to
16 multifamily property owners and managers.

17 Programs and procedures already in place appear to address most of the features of
18 the alternative/transitional step Ms. Brink describes at page 7 of her rebuttal testimony. The
19 contact information provided to potential program participants puts them in touch with
20 Ameren Missouri personnel who can provide information and answer questions about the
21 whole range of MEEIA-related energy efficiency measures available to low-income
22 customers and the owners and operators of the multifamily buildings where those customers
23 reside.

1 **Q. At pages 11-12 of her testimony, Ms. Brink proposes the Commission**
2 **“should outline a methodology for determining whether low-income programs are in**
3 **the public interest.” How do you respond to that recommendation?**

4 A. While Ameren Missouri does not object to establishing a “public interest”
5 standard for evaluating low-income energy efficiency programs, I am advised by counsel that
6 such a standard cannot be used to expand or replace the provisions in MEEIA that exempt
7 low-income programs from the cost-effectiveness test established by that Act. In order to be
8 exempt under MEEIA, an energy efficiency measure must be targeted to low-income
9 customers. If customers are not low-income, energy efficiency measures directed toward
10 those customers do not qualify for the MEEIA exemption, no matter how much those
11 measures promote the public interest.

12 For purposes of MEEIA Cycle 1, and also as part of its MEEIA Cycle 2 filing,
13 Ameren Missouri has not required any of its low-income programs to achieve a cost-
14 effectiveness value of 1.0 or better on a stand-alone basis. However, low-income programs
15 are part of the portfolio of programs the Company believes should, on a total portfolio basis,
16 satisfy the MEEIA cost-effectiveness test. That means, to the extent benefits do not equal
17 costs incurred for low-income programs, the difference must be made up by one or more of
18 the other programs in the portfolio. Perhaps that interpretation of MEEIA is overly
19 conservative, but the Commission has not ruled on this issue and unless the Commission
20 concludes that the costs and benefits of low-income programs can be entirely excluded for
21 purposes of determining the cost-effectiveness of Ameren Missouri’s entire portfolio, then
22 there will always be some pressure for low-income programs to be as cost-effective as
23 possible.

1 **Q. How do you respond to the recommendation that non-economic benefits**
2 **("NEBs") be included in the determination of whether low-income energy efficiency**
3 **programs are cost-effective?**

4 A. I believe there may be legal obstacles that would prevent the Commission
5 from adopting that recommendation. My counsel advises me that there is at least some
6 question whether including NEBs to determine cost-effectiveness is permissible under
7 MEEIA. The purpose of MEEIA is to value demand-side investments equal to traditional
8 supply-side investments, but NEBs – such as those described on page 13 of Ms. Brink’s
9 rebuttal testimony – are not directly related to deferring or eliminating the need for any
10 demand-side investment. Instead, NEBs are only ancillary to the deferral or elimination of
11 such investments, which raises questions regarding whether they can be counted and
12 recovered from customers under MEEIA. Therefore, Ms. Brink’s proposal to account for
13 NEBs through use of an adder may be unlawful. While she cites examples of several states
14 and the District of Columbia who allow the NEBs to be included in evaluating cost-
15 effectiveness, she presents no evidence regarding how applicable statutes in those states
16 compare to MEEIA.

17 **Q. Ms. Brink also recommends that Ameren Missouri open an on-going**
18 **dialogue with the Missouri Housing Development Commission (“MHDC”) to better**
19 **understand constraints faced by subsidized multifamily buildings, to coordinate**
20 **program offerings to those buildings, and to leverage MHDC’s relationship with**
21 **building owners to better market program offerings. How do you respond?**

22 A. Ameren Missouri has always been willing to partner and consult with all
23 stakeholders to seek and provide guidance and identify energy efficiency opportunities.

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1 Since we launched the energy efficiency program in 2009, we have held meetings with
2 USDA, HUD, local government officials, and have initiated and coordinated meeting
3 opportunities through our Ameren Missouri Community Relations Department. If MHDC
4 can provide information or guidance to help us better achieve our energy efficiency
5 objectives for multifamily buildings, and especially for low-income customers who reside in
6 many of those buildings, then the Company would endorse Ms. Brink's recommendation.
7 Our door has been, and remains, open to any assistance MHDC can provide.

8 But, the funding provided for residential energy efficiency programs has a three-year
9 implementation limit and a three-year savings goal. Whole building retrofits are most often
10 multi-year projects that take more than three years to complete. Moreover, there are several
11 additional barriers to coordinating deep building retrofits for low-income customers. One
12 such barrier is the lack of continuity from cycle to cycle. Customers who need the incentives
13 will not begin projects without a guarantee of payment when the project is completed. One
14 possible remedy to this situation is to extend the period for payment of incentives to
15 multifamily dwellings in the same manner as we are proposing to extend the date for
16 payment of incentives for our business energy efficiency program. But, such an extension is
17 not part of the current proposal. Another potential obstacle is that the fact funding cycles for
18 gas and electric energy efficiency programs approved by MHDC are different. Eliminating
19 these differences would enhance the kind of coordination and cooperation Ms. Brink
20 envisions.

21 **Q. How do you respond to Ms. Brink's proposal that Ameren Missouri**
22 **reach out to providers of financing for energy efficiency projects to determine how**

1 **these offerings can be leveraged to allow more participation in MEEIA programs by**
2 **multifamily buildings?**

3 A. The current residential energy efficiency program, which includes low-income
4 customers who reside in multifamily buildings, is offered at no cost to the building owners.
5 The business program offers an incentive re-assignment form that allows the trade ally to be
6 paid the incentive directly, thus avoiding the need for the building owner to obtain financing
7 or to pay that portion of the bill and then wait for reimbursement. However, if there are other
8 opportunities for Ameren Missouri to help find and coordinate financing to allow owners of
9 multifamily buildings to invest in energy efficiency measures, the Company is willing to
10 consider these opportunities.

11 **Q. Ms. Brink also recommends the Company seek partners that can fund**
12 **“walk away” projects, where a building is in need of an energy efficiency retrofit but**
13 **because of unsafe conditions in the building – such as mold or a leaky roof – an energy**
14 **efficiency contractor walks away from the project. How do you respond?**

15 A. Such a situation may present substantial obstacles, as major roof repairs or
16 mold abatement can be very expensive and none of those costs is recoverable under MEEIA.
17 If this becomes a problem, the Company is willing to provide whatever assistance it can to
18 help resolve the problem and enable installation of energy efficiency retrofits.

19 **Q. Do you have any other evidence you want to present to the Commission**
20 **regarding the low-income energy efficiency programs proposed in Ameren Missouri’s**
21 **MEEIA Cycle 2 filing?**

22 A. Yes. The Company believes the low-income energy efficiency programs it
23 proposes as part of its MEEIA Cycle 2 program are reasonable based on the data we

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1 collected in our Demand-Side Market Potential Study and our experience with low-income
2 programs during Cycle 1. And although Ameren Missouri is willing to accept some minor
3 changes proposed by Ms. Brink and Ms. Gray, the Commission should approve the proposed
4 low-income program without any major changes.

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

6 **A. Yes, it does.**

