

Exhibit No.:
Issues: Low Income Weatherization
Witness: Joe Gassner
Sponsoring Party: Missouri Department of Economic
Development - Division of Energy
Type of Exhibit: Rebuttal Testimony
Case No.: GR-2014-0152

MISSOURI PUBLIC SERVICE COMMISSION

LIBERTY UTILITIES

CASE NO. GR-2014-0152

REBUTTAL TESTIMONY

OF

JOE GASSNER

ON

BEHALF OF

MISSOURI DEPARTMENT OF ECONOMIC DEVELOPMENT

DIVISION OF ENERGY

Jefferson City, Missouri
July 30, 2014

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1 I. INTRODUCTION

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

3 A. Joe Gassner, Missouri Department of Economic Development, Division of Energy, 301 West
4 High Street, Suite 720, Jefferson City, Missouri.

5 **Q. Have you previously filed testimony in this case?**

6 A. No.

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

8 A. I am testifying on behalf of the Missouri Division of Energy (DE), an intervenor in these
9 proceedings.

10 **Q. What is your position with the Missouri Division of Energy?**

11 A. I am the director of the Weatherization Program in the Division of Energy, which is
12 responsible for administering the Missouri Low Income Weatherization Assistance Program
13 (LIWAP).

14 **Q. Please describe your educational background and business experience.**

15 I earned a Bachelor of Science degree in Wildlife Conservation and Management from
16 Southwest Missouri State University in 1986. I have been in my current position with the
17 Division of Energy since 2006. Other employment history includes working with the
18 Missouri Department of Natural Resources from 1991 to 2013 as a District Coordinator (two
19 years) and Environmental Specialist (14 years), working with the Osage County Soil and
20 Water Conservation District from 1990-1991 as a District Technician, and working with the
21 Missouri Department of Conservation from 1986 to 1989 as a Fisheries and Wildlife
22 Management Technician.

1 **II. PURPOSE AND SUMMARY OF REBUTTAL TESTIMONY**

2 **Q. What is the purpose of your rebuttal testimony in these proceedings?**

3 A. The purpose of my rebuttal testimony is to respond to the direct testimony filed by the
4 Missouri Public Service Commission Staff (Staff) witness Kory Boustead regarding Liberty
5 Utilities' low income weatherization program.

6
7 **III. LOW INCOME WEATHERIZATION ASSISTANCE**

8 **Q. What is Staff's position regarding Liberty Utilities' Low Income Weatherization**
9 **Assistance Program?**

10 A. Staff witness Kory Boustead states that:

11 Staff recommends Liberty Utilities continue with their involvement in the Low
12 Income Weatherization Assistance Program where they provide \$105,000 to the
13 Environmental Improvement and Energy Resources Authority ("EIERA") for
14 distribution by the EIERA and the Missouri Department of Economic Development,
15 Division of Energy, to the six community action agencies serving their customers.

16
17 **Q. Does DE agree with the Staff's position regarding a Liberty Utility Ratepayer Funded**
18 **Low Income Weatherization Program?**

19 A. No. DE does not agree with continuing its role in administering the \$105,000 to the six
20 community action agencies without a provision for DE to recover the administrative and
21 monitoring expenses necessary to fulfill its role.

22 **Q. What level of funding is needed to compensate DE for administration and monitoring of**
23 **a Liberty Utilities LIWAP program?**

24 A. The costs DE incurs should be covered by allowing up to 5 percent of the weatherization
25 funds for DE administration and monitoring. This level of funding for administration and

1 monitoring is consistent with the U.S. Department of Energy Low Income Weatherization
2 Assistance Program guidelines found at 10 CFR § 440.18(e).

3 **Q. What authorization does DE have to receive and/or expend these funds?**

4 A. I am advised by legal counsel that sections 640.150.2 and 640.676 RSMo authorize DE to
5 receive/and or expend these funds.

6 Section 640.676 specifically states:

7 1. The department director may secure other forms of financial assistance permissible by
8 law and establish public and private partnerships with, but not limited to, financial
9 institutions, performance contracting vendors, energy utilities and other energy providers,
10 when such other financial assistance serves to further the implementation of energy
11 conservation projects.

12 2. The director is authorized to negotiate agreements for the department to act in an
13 administrative or monitoring capacity for an energy conservation project funded in part or
14 in full by another source. The department may establish reasonable fees such as, but not
15 limited to, application and processing fees to cover the costs of such administrative or
16 monitoring role.

17 I am further advised by counsel that, pursuant to sections 26.500-26.540 RSMo, the
18 Governor issued Executive Order 13-03, which transferred “all authority, powers, duties,
19 functions, records, personnel, property, contracts, budgets, matters pending, and other
20 pertinent vestiges of the Division of Energy from the Missouri Department of Natural
21 Resources to the Missouri Department of Economic Development....” This Order became
22 effective August 28, 2013. So, with its move to the Department of Economic Development,
23 DE retains all the authority it had under the Department of Natural Resources, including the
24 ability to administer weatherization funding.

25 **Q. Please describe DE’s weatherization administrative and monitoring functions.**

26 A. For low income weatherization assistance funds that DE currently administers on behalf of
27 Ameren (natural gas and electric), Liberty and Laclede, the utilities make a single annual

1 payment to the Missouri Environmental Improvement and Energy Resources Authority
2 (EIERA). Then DE enters into subgrant agreements with community action agencies and
3 other subgrantees, as applicable, within the utility's service area, based on budgets provided
4 by the agencies. Technical and fiscal training for the subgrantees' staff is provided as needed.
5 Once weatherization work is completed on a home, DE conducts a desk audit of the
6 reimbursement request from the subgrantee and processes it for payment. In addition, DE
7 monitors a sampling of homes by on-site inspection to verify that weatherization measures
8 have been installed and are operating properly. Fiscal monitoring is performed through both
9 desk reviews and on-site review of client files, invoices, procedures manuals and other
10 documentation.

11 **Q. Have there been any substantial changes in the administrative and monitoring duties of**
12 **the DE in administering low income weatherization?**

13 A. Yes, in recent years, there has been a considerable change in training requirements and
14 monitoring protocol. DOE will require a certified Quality Control Inspector (QCI) conduct
15 all final inspections at homes weatherized with DOE funds. DOE will also require Grantee
16 technical monitoring staff to be QCI certified. This requirement has significantly increased
17 the amount of training needed. In addition, the amount of monitoring has significantly
18 increased in Missouri. The bolstered training standards will draw more DOE training
19 funding—which DE currently must use to cover investor-owned utility weatherization
20 administrative costs—toward training grantees.

21 **Q. Does DE receive General Revenue (GR) funds that could be used to cover the**
22 **administrative and monitoring costs that will be incurred in administering and**
23 **monitoring a weatherization program for Liberty Utilities?**

1 A. No. DE receives no GR funds that are available to use for weatherization or any other DE
2 program.

3 **Q. Are you aware of any other sources of DE funding that could be used to cover**
4 **administrative and monitoring costs for a Liberty Utilities weatherization program?**

5 A. No. All DE program funds are tied to their individual program funding. DOE weatherization
6 funds are the only currently available funds that the DE weatherization program has available
7 to utilize for administrative costs and monitoring. These funds are currently being fully
8 utilized and have been shrinking for the past several years.

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

10 A. Yes. Thank you.

