

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

In the Matter of )  
Summit Natural Gas of Missouri Inc.'s ) File No. GR-2014-0086  
Filing of Revised Tariffs to Increase Its )  
Annual Revenues for Natural Gas Service )

**MISSOURI DIVISION OF ENERGY'S  
STATEMENT OF POSITION**

**COMES NOW** the Department of Economic Development – Division of Energy (“DE”) and states its position as follows:

Energy Efficiency/Low Income Weatherization Programs

*A. Should the Commission approve an Energy Efficiency Collaborative for SNGMO?*

Yes. The Collaborative—composed of representatives from Staff, OPC, DE, and the Company—would provide expert advice and guidance for the Company to develop and implement cost-effective, successful energy efficiency program measures. As SNGMO has little prior experience in energy efficiency, the Collaborative would play an especially critical role. The Commission has approved a collaborative for every other gas and electric utility in Missouri.

*B. What programs, if any, should the Commission authorize?*

The Commission should authorize an energy efficiency program and a low-income weatherization program. Every other gas and electric utility in Missouri has *both* energy efficiency and low-income weatherization programs. SNGMO’s customers should have the opportunity to benefit from these programs too.

*C. What funding level, if any, should the Commission authorize?*

The Commission should authorize energy efficiency funding at a target level of 0.5% of gross operating revenues at the end of a three-year “ramp up” period. The Company will need some time to develop and implement cost-effective programs, and three years is an appropriate period in which to do that. As a *target* funding level, this would not be a mandate to spend money on non-cost-effective measures, but rather is an invitation by the Commission to develop the Company’s program out to approximately 0.5% of operating revenues.

The Commission should authorize low-income weatherization funding at \$30,000 to support a viable low-income weatherization program.

Funding levels for energy efficiency and low-income weatherization, moreover, should be separate. While energy efficiency funding is appropriate to start slowly and “ramp up” over several years, weatherization would be ready to operate at full capacity soon after the Division of Energy is authorized to administer the Company’s program. Combining both funds into one pool could unnecessarily delay implementation of low-income weatherization.

*D. How should SNGMO recover funding for any programs?*

The Commission should authorize regulatory asset account treatment for energy efficiency expenditures, and base rate treatment for low-income weatherization expenditures.

*E. Should the Commission direct SNGMO to enter into a funding agreement with the Division of Energy for administration and monitoring of programs?*

Only one program—a low-income weatherization assistance program—is proposed to be administered by the Division of Energy. In accordance with the cost-causation principle, costs should be borne by those who cause them to be incurred and reap the benefits. The Division of Energy could only subsidize utility company administrative costs by pulling money away from

its federal weatherization training and technical assistance budget, which would otherwise go to (and should go to) local community action agencies for training their contractors and improving overall program quality. The Division of Energy, therefore, proposes that up to 5% of the Company's weatherization funding be designated to cover DE's administrative costs, which is further consistent with the 5% cost recovery provided by law, 10 C.F.R. § 440.18(e), for DE's administration of the federal Department of Energy weatherization program. Administrative cost recovery, moreover, is already occurring with other ratepayer-funded DE services like DE's Building Operator Certification program, which serves several Missouri utilities.

*F. If the Commission approves an energy efficiency program, what measures should be included in the program?*

The Commission should direct energy efficiency program design decisions to the Company, in consultation with its Energy Efficiency Collaborative. Collaborative members can bring any unresolved disagreement to the Commission's attention.

Respectfully submitted,

*/s/ Jeremy Knee*

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**CERTIFICATE OF SERVICE**

I hereby certify that true and correct copies of the foregoing have been emailed to the service list of record this 15th day of August, 2014.

*/s/ Jeremy Knee*

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Jeremy Knee