

Exhibit No.: _____
Issue(s): Low Income Weatherization
Witness/Type of Exhibit: Kind/Rebuttal
Sponsoring Party: Public Counsel
Case No.: ER-2012-0166

REBUTTAL TESTIMONY

OF

RYAN KIND

Submitted on Behalf of
the Office of the Public Counsel

UNION ELECTRIC COMPANY
D/B/A AMEREN MISSOURI

Case No. ER-2012-0166

August 14, 2012

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

In the Matter of Union Electric Company d/b/a)
Ameren Missouri's Tariffs to Increase Its)
Revenues for Electric Service)

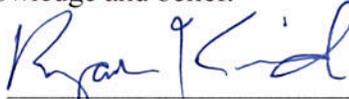
File No. ER-2012-0166

AFFIDAVIT OF RYAN KIND

STATE OF MISSOURI)
) ss
COUNTY OF COLE)

Ryan Kind, of lawful age and being first duly sworn, deposes and states:

1. My name is Ryan Kind. I am a Chief Utility 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.



Ryan Kind

Subscribed and sworn to me this 14th day of August 2012.



JERENE A. BUCKMAN
My Commission Expires
August 23, 2013
Cole County
Commission #09754037



Jerene A. Buckman
Notary Public

My commission expires August 23, 2013.

REBUTTAL TESTIMONY
OF
RYAN KIND
UNION ELECTRIC COMPANY
CASE NO. ER-2012-0166

1 **Q. PLEASE STATE YOUR NAME, TITLE, AND BUSINESS ADDRESS.**

2 A. Ryan Kind, Chief Energy Economist, Office of the Public Counsel, P.O. Box 2230,
3 Jefferson City, Missouri 65102.

4 **Q. PLEASE SUMMARIZE YOUR EDUCATIONAL AND EMPLOYMENT BACKGROUND.**

5 A. I have a B.S.B.A. in Economics and a M.A. in Economics from the University of
6 Missouri-Columbia (UMC). While I was a graduate student at UMC, I was employed as
7 a Teaching Assistant with the Department of Economics, and taught classes in
8 Introductory Economics, and Money and Banking, in which I served as a Lab Instructor
9 for Discussion Sections.

10 My previous work experience includes several years of employment with the Missouri
11 Division of Transportation as a Financial Analyst. My responsibilities at the Division of
12 Transportation included preparing transportation rate proposals and testimony for rate
13 cases involving various segments of the trucking industry. I have been employed as an
14 economist at the Office of the Public Counsel (Public Counsel or OPC) since 1991.

15 **Q. HAVE YOU TESTIFIED PREVIOUSLY BEFORE THIS COMMISSION?**

Rebuttal Testimony of
Ryan Kind

1 A. Yes, prior to this case I submitted written testimony in numerous electric and gas rate
2 cases, several electric rate design cases and other miscellaneous gas, water, electric, and
3 telephone cases.

4 **Q. HAVE YOU PROVIDED COMMENTS OR TESTIMONY TO OTHER REGULATORY OR**
5 **LEGISLATIVE BODIES ON THE SUBJECT OF UTILITY REGULATION AND**
6 **RESTRUCTURING?**

7 A. Yes, I have provided comments and testimony to the Federal Energy Regulatory
8 Commission (FERC), the Missouri House of Representatives Utility Regulation
9 Committee, the Missouri Senate's Commerce & Environment Committee and the
10 Missouri Legislature's Joint Interim Committee on Telecommunications and Energy.

11 **Q. HAVE YOU BEEN A MEMBER OF, OR PARTICIPANT IN, ANY WORK GROUPS,**
12 **COMMITTEES, OR OTHER GROUPS THAT HAVE ADDRESSED ELECTRIC AND GAS UTILITY**
13 **REGULATION AND POLICY ISSUES?**

14 A. Yes. I am currently a member of the National Association of State Consumer Advocates
15 (NASUCA) Electric Committee, one of the end user representatives for the Stakeholder
16 Steering Committee (SSC) of the Eastern Interconnection Planning Collaborative (EIPC),
17 and an alternate representative for the Midwest ISO's (MISO's) Advisory Committee. I
18 have served on the Missouri Department of Natural Resources Weatherization Policy
19 Advisory Committee, the MISO's Advisory Committee and on both the North American
20 Electric Reliability Council (NERC) Operating Committee and the NERC Standards
21 Authorization Committee. During the early 1990s, I served as a Staff Liaison to the
22 Energy and Transportation Task Force of the President's Council on Sustainable
23 Development.

24

1 **Q. WHAT IS THE PURPOSE OF YOUR REBUTTAL TESTIMONY?**

2 A. The purpose of my rebuttal testimony is to respond to the direct testimony filed by the
3 Missouri Commission Staff (Staff) and the Missouri Department of Natural Resources
4 (MDNR) regarding the Union Electric Company (UE or the Company) low income
5 weatherization (LIWX) program.

6 **Q. PLEASE IDENTIFY THE WITNESSES WHO PROVIDED TESTIMONY REGARDING THE LIWX
7 PROGRAM THAT IS FUNDED IN THE ELECTRIC RATES PAID BY CUSTOMERS OF UE.**

8 A. The LIWX program was addressed in the testimony of Staff witness Henry Warren and
9 MDNR witness Adam Bickford.

10 **Q. WHAT ARE YOUR REMARKS IN RESPONSE DR. WARREN'S TESTIMONY REGARDING
11 THE UE LIWX PROGRAM?**

12 A. Dr. Warren addresses this program at pages 136 – 139 of the Staff's July 6, 2012 report
13 on revenue requirement and cost of service (Staff Report). I will respond to the testimony
14 that Dr. Warren provided regarding: (1) the amount of funding for the LIWX program
15 that should continue to be part of UE's revenue requirement and (2) the type and
16 frequency of future evaluations of the UE LIWX program.

17 **Q. WHAT IS THE STAFF'S POSITION REGARDING THE AMOUNT OF FUNDING FOR THE
18 LIWX PROGRAM THAT SHOULD CONTINUE TO BE PART OF UE'S REVENUE
19 REQUIREMENT?**

20 A. At line 18 on page 136 of the Staff Report, Staff witness Henry Warren states that the
21 Staff recommends that "Ameren Missouri continue to collect \$1.2 million in rates
22 annually, of which \$1.14 million will be for low-income weatherization as currently

1 allocated between the Weatherization Agencies, and \$60,000 allocated annually to the
2 biennial evaluation of the low-income weatherization program.”

3 **Q. DOES PUBLIC COUNSEL AGREE WITH THE STAFF’S POSITION REGARDING THE TOTAL**
4 **AMOUNT OF FUNDING FOR THE LIWX PROGRAM THAT SHOULD CONTINUE TO BE PART**
5 **OF UE’S REVENUE REQUIREMENT?**

6 A. OPC agrees that \$1.2 million in funding for UE’s LIWX program should continue to be
7 included in the Company’s revenue requirement. However, Public Counsel does not
8 agree that a portion of the \$1.2 million should be allocated away from providing
9 weatherization services for the purpose of funding biennial evaluations of the LIXW
10 program that could be done “at the discretion of the Company” after the second required
11 evaluation of electric and gas program impacts recommended by the Staff is completed.

12 **Q. WHAT DOES STAFF WITNESS HENRY WARREN RECOMMEND FOR THE SECOND**
13 **EVALUATION OF UE’S LIWX PROGRAM?**

14 A. At line 22 on page 136 of the Staff Report, Staff witness Henry Warren recommends that
15 “the second evaluation of Ameren Missouri’s weatherization program include a
16 component that evaluates the impact on the gas service of the weatherization of the
17 Company’s low-income customers that are provided both natural gas and electricity from
18 Ameren Missouri.”

19 **Q. DOES PUBLIC COUNSEL SUPPORT STAFF’S RECOMMENDATION FOR THE SECOND**
20 **EVALUATION OF UE’S LIWX PROGRAM?**

21 A. Yes, OPC supports this recommendation with one minor modification to it. My
22 understanding of Dr. Warren’s recommendation is that he would like to see the second

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Ryan Kind

1 evaluation focus on the combined impact that the program has on reductions of both
2 electric and natural gas usage in homes that are weatherized as part of UE's LIWX
3 program. Public Counsel supports this recommendation because a large portion of the
4 homes in UE's electric service territory use electricity for space cooling (air conditioning)
5 and natural gas for most or all of their space heating needs. When homes use both fuel
6 sources for their space conditioning end uses, then the benefits of the thermal shell
7 enhancements that result from participating in the UE LIWX program include reductions
8 in both gas and electric usage. The combined impact of reductions in the usage of both
9 fuels are benefits to program participants and to ratepayers and society as a whole that
10 can be assessed and compared to the costs of LIWX with the various cost benefit tests
11 (Total Resource Cost Test, Utility Cost Test, etc.).

12 **Q. PLEASE DESCRIBE THE "MINOR MODIFICATION" TO THE STAFF PROPOSAL THAT YOU**
13 **REFERENCED AT THE BEGINNING OF YOUR PRIOR ANSWER.**

14 A. Dr. Warren recommends that the natural gas portion of the evaluation of homes
15 weatherized in the UE LIWX program be limited to those homes where UE is also
16 providing the natural gas service. Public Counsel recommends that this part of the Staff's
17 proposal be modified so that it includes a representative sample of homes that use both
18 electricity and natural gas for space conditioning, regardless of whether the natural gas
19 service is provided by UE or Laclede Gas Company (Laclede). The inclusion of homes
20 where natural gas usage is provided by Laclede will provide a more complete picture of
21 the combined electric and gas impact that the UE LIWX program has throughout UE's
22 service territory, including the Missouri portion of the St. Louis metropolitan area
23 where most customers receive natural gas service from Laclede. During preliminary
24 discussions that I've had with Laclede energy efficiency personnel regarding a combined
25 electric and gas impact evaluation of the UE LIWX program, Laclede indicated that it

1 would be willing to provide the natural gas billing data necessary to perform a combined
2 impact evaluation.

3 **Q. YOU STATED EARLIER THAT PUBLIC COUNSEL DOES NOT AGREE THAT A PORTION OF**
4 **THE \$1.2 MILLION SHOULD BE DEDICATED TO BE ALLOCATED FOR THE PURPOSE OF**
5 **BIENNIAL EVALUATIONS OF THE LIWX PROGRAM THAT COULD BE DONE “AT THE**
6 **DISCRETION OF THE COMPANY” AFTER THE SECOND REQUIRED EVALUATION OF**
7 **ELECTRIC AND GAS PROGRAM IMPACTS RECOMMENDED BY THE STAFF IS**
8 **COMPLETED. PLEASE EXPLAIN WHY YOU DISAGREE WITH THIS STAFF**
9 **RECOMMENDATION.**

10 A. If a portion of the \$1.2 million in funding for the LIWX program is taken away from
11 being used to weatherize additional homes in order to be used for evaluating the program,
12 then there should be sufficient justification for doing so. Once a current evaluation has
13 been performed, then an assessment should be made of the incremental costs and
14 incremental benefits of performing additional evaluations. If a credible evaluation has
15 already been performed recently, then the incremental benefits of performing additional
16 evaluations will be lower than the benefits that resulted from the first evaluation. The
17 Staff has recommended that a second evaluation be performed that focuses on assessing
18 the total usage reductions (both electric and gas instead of electric only) and Public
19 Counsel recognizes that a second evaluation with this different focus will provide
20 substantial incremental benefits relative to the benefits that were achieved by only
21 assessing impacts on electric usage in the first evaluation. However, once this second
22 evaluation is completed, parties and the Commission should assess the value of any
23 additional evaluations in UE’s next rate case.

1 **Q. WHAT IS YOUR GENERAL KNOWLEDGE OF THE FREQUENCY WITH WHICH**
2 **EVALUATIONS HAVE BEEN PERFORMED OF THE LIWX PROGRAMS FOR OTHER**
3 **REGULATED GAS AND ELECTRIC UTILITIES IN MISSOURI?**

4 A. Almost all of the regulated gas and electric utilities in Missouri have LIWX programs.
5 Some of these programs have never been evaluated, especially for the smaller gas
6 utilities. The frequency of evaluations for other electric and gas utilities tends to be about
7 every five to ten years based on my general knowledge of when such evaluations have
8 occurred. In addition to the evaluations that have been performed of specific ratepayer
9 funded LIWX programs in Missouri, the Department of Energy has performed
10 nationwide evaluations of its Low Income Weatherization Assistance Program (WAP)
11 (see http://weatherization.ornl.gov/evaluation_past.shtml) and since the ratepayer funded
12 programs in Missouri have generally followed the program guidelines for the taxpayer
13 funded WAP programs, these evaluations also contribute to the knowledge base
14 regarding the impacts, potential process issues/improvements and safety benefits of
15 LIWX programs. A new nationwide evaluation of the WAP is also currently under way.
16 (See http://weatherization.ornl.gov/evaluation_nr.shtml)

17 **Q. PLEASE DESCRIBE RECOMMENDATION MADE BY DEPARTMENT OF NATURAL**
18 **RESOURCES (MDNR) WITNESS ADAM BICKFORD IN HIS TESTIMONY REGARDING THE**
19 **UE LIWX PROGRAM?**

20 A. In his testimony, Dr. Bickford “requests that the Commission approve an increase [of
21 \$120,000] in Ameren’s funding for low income weatherization to include MDNR’s
22 related administrative expenses.” If the Commission approves this request, the funding
23 level for the UE LIWX program will increase from \$1.2 million/year to \$1.32
24 million/year and UE would make annual payments of \$120,000 to MDNR.

1 **Q. DID DR. BICKFORD INDICATE THAT MDNR WOULD MAKE SIMILAR REQUESTS TO THE**
2 **COMMISSION FOR OTHER ELECTRIC AND GAS UTILITIES?**

3 A. Yes. At line 19 on page 9 of his testimony, Dr. Bickford states “it is our intention to
4 attempt to resolve this issue via negotiation with each utility for whom MDNR is
5 administering a utility Weatherization program.”

6 **Q. WHAT IS PUBLIC COUNSEL’S RESPONSE TO THE REQUEST THAT MDNR IS MAKING IN**
7 **THIS CASE FOR COLLECTING ADDITIONAL DOLLARS FROM UE RATEPAYERS IN ORDER**
8 **TO HELP COVER A PORTION OF THE COSTS THAT MDNR INCURS TO ADMINISTER**
9 **RATEPAYER-FUNDED LIWX PROGRAMS IN THE STATE OF MISSOURI?**

10 A. Public Counsel readily acknowledges that MDNR provides a necessary and vital service
11 that helps enable Missouri utility customers to receive additional ratepayer-funded LIWX
12 services by assisting in the administration of these programs. We do however have some
13 concerns with the MDNR proposal because: (1) it is not clear that MDNR has exhausted
14 all other alternatives for sources of funding through the reallocation of unspent ARRA
15 federal stimulus funds that has already occurred or reallocations that could still occur, (2)
16 the timing of the funding request may not match the time periods during which MDNR
17 has shortfalls in US Department of Energy (DOE) funding of its administrative expenses,
18 and (3) MDNR has not fully explained why Missouri did not receive WAP funding from
19 DOE for this year (which would have included some funding for MDNR administrative
20 costs) when some other states apparently did.

21 **Q. PLEASE EXPAND UPON THE SECOND CONCERN THAT YOU RAISED REGARDING THE**
22 **TIMING OF FUNDS THAT MDNR WOULD RECEIVE FROM UE AND HOW THAT TIMING**
23 **MAY OR MAY NOT COINCIDE WITH THE TIME PERIOD DURING WHICH ANY POSSIBLE**

1 **SHORTFALL IN DOE FUNDING OF MDNR ADMINISTRATIVE COSTS WOULD ACTUALLY**
2 **OCCUR.**

3 A. The WAP program year which MDNR identifies as providing no direct allocation of
4 administrative funds from DOE is the 12 months ending June 30, 2013. MDNR witness
5 Adam Bickford acknowledges on page 6 of his testimony that the amount of funding that
6 MDNR may receive from DOE to cover its administrative costs for the 12 months ending
7 June 30, 2014 is unknown at this time. Dr. Bickford also acknowledges on page 12 of his
8 testimony that “if this issue is not resolved through stipulation prior to November 2012,
9 the earliest that any Commission decision on providing administrative support for MDNR
10 Weatherization activities could be implemented is with the Fall 2013 payment to
11 EIERA.” If the Commission does approve MDNR’s request in this case for it to receive
12 payments from UE to compensate MDNR for its expenses to help administer the UE
13 LIWX, the Commission should be careful to ensure that such payments correspond with
14 the time periods during which shortfalls in DOE’s funding of MDNR administrative
15 expenses actually occur.

16 **Q. DOES THIS CONCLUDE YOUR REBUTTAL TESTIMONY?**

17 A. Yes.