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Issues:	Income Eligible Sector programs
Witness:	Dana Gray
Sponsoring Party:	Renew Missouri Advocates
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MISSOURI PUBLIC SERVICE COMMISSION

EO-2023-0136

SURREBUTTAL TESTIMONY

OF

DANA GRAY

ON BEHALF OF

RENEW MISSOURI ADVOCATES

May 29, 2024

1 **INTRODUCTION**

2 **Q: Please state your name, title, and business address.**

3 A: Dana Gray, Community Development Outreach Coordinator, Tower Grove Community
4 Development Corporation, 2337 South Kingshighway Blvd, St. Louis, Missouri 63110.

5 **Q: Have you submitted testimony previously in proceedings before the Commission?**

6 A: Yes. I submitted Rebuttal Testimony on behalf of Renew Missouri in this case, as well as
7 testimony in File Nos. EO-2015-0055 and EO-2018-0211 previously.

8 **Q: What is the purpose of your testimony?**

9 A: The purpose of my testimony is to respond to the rebuttal testimonies from the Staff of
10 the Commission and the Office of Public Counsel, and to propose an alternative in the
11 event that the Commission decides not to approve Ameren Missouri’s Plan as filed.

12 **Q: What are your general reactions to the testimonies from the Staff and OPC
13 witnesses that recommend against approving Ameren Missouri’s proposed energy
14 efficiency plan?**

15 A: I am disappointed to see – such as in the case of OPC witness Dr. Geoff Marke and Staff
16 witnesses Amy Eichholz and Mark Kiesling – that the regulator parties do not see the
17 value in continuing Ameren Missouri’s energy efficiency portfolio under the Missouri
18 Energy Efficiency Investment Act (“MEEIA”). In particular, Staff casts MEEIA
19 incentives as “handouts” (Eichholz at pg. 5, Kiesling at pg. 5), and focus on the potential
20 for freeridership.

21 I will not spend too much time rebutting these arguments precisely, as I trust
22 Renew Missouri witness Emily Piontek and the Company’s own witnesses to explain
23 things thoroughly. Suffice it to say that I cannot disagree more with this characterization,

1 and I believe removing the utility from the delivery of energy efficiency measures will
2 prove to be disastrous. I do not believe the Missouri Division of Energy will be able to
3 effectively distribute the HOMES and HEEHRA resources from the Federal IRA
4 legislation without the major utilities' current advertising and outreach channels. The
5 utility is often the first place customers turn to seek guidance and assistance with energy
6 efficiency, and Staff and OPC are proposing to remove the Company's ability or
7 incentive to connect customers with efficiency resources, regardless of the source. It is
8 not clear to me that government agencies or community action agencies will be able to
9 make up for this absence.

10 **Q: What is your recommendation if the Commission does not approve Ameren**
11 **Missouri's application in this case?**

12 A: In the event that the Commission decides not to approve Ameren Missouri's portfolio as
13 filed, I strongly recommend that the Commission still approve the Income Eligible
14 programs as well as the Company's Pay as You Save® ("PAYS") program. I believe the
15 Income Eligible programs and the PAYS model have additional values that justify their
16 continuation.

17 **Q: Why should the proposed Income Eligible programs be viewed differently?**

18 A: First of all, my understanding is that the MEEIA statute (Section 393.1075, RSMo.)
19 makes clear that programs targeted to low-income customers do not need to meet the
20 same cost effectiveness standards as other programs. So, under the law, there is reason to
21 view the Company's Multifamily Income-Eligible, Single Family Income-Eligible, and
22 Business Social Services programs as apart from the rest of the portfolio.

1 Furthermore, I believe there are substantial public policy reasons to maintain
2 utility efficiency programs for income eligible customers. It bears stating and restating
3 that energy efficiency is nearly always the least costly resource. But in addition, energy
4 efficiency is a more permanent solution for making low-income customer bills more
5 affordable, and thus it represents good stewardship of ratepayer dollars. So long as
6 utilities are offering bill assistance programs like Keeping Current, they should first be
7 seeking to make sure those same customers have insulated homes, efficient HVAC
8 equipment, efficient lighting, and thermal windows. Investing in efficiency can also be an
9 effective strategy for reducing arrearage and disconnection/reconnection costs, especially
10 when efficiency measures are reaching those with the least ability to pay.

11 Affordable housing providers operate on very slim profit margins, while adhering
12 to their mission to keep rents well below market rate. Energy efficiency upgrades cannot
13 be achieved without significant assistance. Tower Grove Community Development Corp
14 completed energy efficiency improvement projects on three buildings with 4 apartments
15 each. These projects would not have been possible without the utility's Income Eligible
16 program in tandem with fundraising specifically for the fore mentioned energy
17 improvements at those properties. Efficiency improvements are a long-term solution to
18 help ensure families have stable, healthy, affordable housing. Efficiency improvements
19 also help preserve existing housing.

20 Finally, I believe it is important to not lose the progress and institutional
21 knowledge we have developed in this sector since 2015. In affordable multifamily rental
22 housing, the split incentive is a persistent issue that requires focused resources and
23 professional attention to solve. In my Rebuttal Testimony, I reviewed some of the history

1 of my involvement in the design of Ameren Missouri's Multifamily Income-Eligible
2 program and its success over the years. This one-stop-shop, whole building approach is
3 the product of years of community input, trial and error, contractor training, and lessons
4 learned from implementation. It would be a shame to let this delivery infrastructure
5 collapse, only to realize we need it again once the Federal IRA programs expire in a few
6 years.

7 **Q: Why should Ameren Missouri's PAYS program be viewed differently?**

8 A: The PAYS system is an inherently different type of program. Rather than monetary
9 incentives or rebates for efficiency measures, its main value is in drastically simplifying
10 home efficiency for the customer, as well as removing the upfront cost.

11 A crucial component of PAYS is the free home energy analysis, or walkthrough,
12 which gives homeowners an idea of the specific measures they need along with the costs
13 and expected savings. Without some kind of no-cost walkthrough, many homeowners
14 and landlords will have no understanding of their efficiency needs or opportunities. This
15 piece will be absolutely crucial to ensuring that the HOMES and HEEHRA funds under
16 the IRA can be effectively spent.

17 It is important not to squander the progress made toward a new PAYS-based
18 model of residential energy efficiency in the state. Ameren Missouri and its implementer
19 EEtility have learned a lot about PAYS since launching the program. Much progress has
20 been made in figuring out how to make the financial side work, which measures to focus
21 on, and how to offer customers a buy-down option in order to allow measures to pay for
22 themselves (80% rule). In addition, EEtility has been able to incorporate the home
23 certification framework offered by Pearl Certification. Pearl's certification report product

1 makes the efficiency features in a home visible and exciting to homeowners, real estate
2 agents, appraisers, and home buyers. Buyers have shown they are willing to pay more for
3 a high efficiency home, creating additional interest and demand for energy efficiency.
4 Finally, Missouri regulators, utilities, and other stakeholders are building toward a
5 potential statewide PAYS model.

6 I recommend that the Commission make good on this progress on PAYS as the
7 model for delivering residential energy efficiency, and approve the PAYS program even
8 in the event that the Commission does not approve the overall Plan.

9 **Q: Do you have anything further to share about your perspective as an affordable**
10 **housing provider?**

11 A: Yes, I urge the Commission to allow the Income Eligible program to continue and to
12 allow utility incentives to be used in tandem with federal HOMES and HEEHRA
13 programs, or any other incentive available now or in the future. Missouri has an
14 affordable housing shortage. Affordable housing providers need to utilize every available
15 means to preserve existing housing and ensure affordability for the long-term. Allowing
16 the Income Eligible program to continue and to be utilized with other energy efficiency
17 incentives will help ensure vulnerable families across Missouri remain housed.

18 Tower Grove CDC has 25 multifamily buildings in our rental portfolio. Most of
19 the tenants' income levels do not qualify for Weatherization. OPC witness Dr. Marke
20 pointed out in his testimony that administrative costs for Ameren Missouri are higher
21 than that of the weatherization programs. However, Tower Grove CDC's buildings are
22 unable to be improved by the weatherization program, as LIWAP doesn't serve

1 multifamily. Last, education for property owners and tenants is very important to ensure
2 that any energy efficiency measures have the desired effect.

3 **Q: Does this conclude your testimony?**

4 **A:** Yes it does.

