

Exhibit No.:  
Issues: Energy Efficiency  
Weatherization  
Witness: Kory Boustead  
Sponsoring Party: MO PSC Staff  
Type of Exhibit: Rebuttal Testimony  
Case No.: GR-2014-0086  
Date Testimony Prepared: July 11, 2014

**MISSOURI PUBLIC SERVICE COMMISSION**

**REGULATORY REVIEW DIVISION**  
Tariff, Safety, Economic & Engineering Analysis

**REBUTTAL TESTIMONY**

**OF**

**KORY BOUSTEAD**

**SUMMIT NATURAL GAS OF MISSOURI, INC.**

**CASE NO. GR-2014-0086**

*Jefferson City, Missouri*  
*July 2014*

Staff Exhibit No. 110  
Date 8-19-14 Reporter KF  
File No. GR-2014-0086

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

In the Matter of Summit Natural Gas of )  
Missouri, Inc.'s Filing of Revised Tariffs )  
To Increase its Annual Revenues For )  
Natural Gas Service )

File No. GR-2014-0086

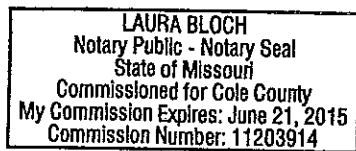
**AFFIDAVIT OF KORY BOUSTEAD**

STATE OF MISSOURI     )  
                                  ) ss  
COUNTY OF COLE     )

Kory Boustead, of lawful age, on her oath states: that she has participated in the preparation of the following Rebuttal Testimony in question and answer form, consisting of 5 pages of Rebuttal Testimony to be presented in the above case, that the answers in the following Rebuttal Testimony were given by her; that she has knowledge of the matters set forth in such answers; and that such matters are true to the best of her knowledge and belief.

  
\_\_\_\_\_  
Kory Boustead

Subscribed and sworn to before me this 10<sup>th</sup> day of July, 2014.



  
\_\_\_\_\_  
Notary Public

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**REBUTTAL TESTIMONY**  
**OF**  
**KORY BOUSTEAD**  
**SUMMIT NATURAL GAS OF MISSOURI, INC.**  
**CASE NO. GR-2014-0086**  
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**REBUTTAL TESTIMONY**  
**OF**  
**KORY BOUSTEAD**  
**SUMMIT NATURAL GAS OF MISSOURI, INC.**  
**CASE NO. GR-2014-0086**

Q. Are you the same Kory Boustead who filed in Staff's Cost of Service report?  
A. Yes I am.

**EXECUTIVE SUMMARY**

Q. What is the purpose of your rebuttal testimony?

A. My Rebuttal Testimony will address 1) The issue of Residential Natural Gas Efficiency Incentive Program contained in the Direct Testimony of witness Martha Wankum, Summit Natural Gas Company; and 2) The issue of Energy Efficiency and Low-Income Weatherization Programs funding contained in the Direct Testimony of witness John Buchanan, Department of Economic Development, Division of Energy.

**RESIDENTIAL NATURAL GAS ENERGY EFFICIENCY INCENTIVE PROGRAM**

Q. Please explain the natural gas energy efficiency incentive program proposed by Summit Natural Gas of Missouri, Inc. ("SNG").

A. SNG witness Martha Wankum "requests approval to offer cost-effective energy efficiency rebates to new and current residential customer who purchase high efficiency furnaces and/or programmable thermostats. The associated tariff sheet filed by SNG is Sheet No. 89, P.S.C. MO No 3. The program would have an annual budget cap of

1 | \$15,000. The proposed program would offer customers the availability of two energy  
2 | efficiency rebates as summarized below”

3 | Table 2: Residential Natural Gas Energy Efficiency Incentive Program

4 |

Measure	Rebate Amount
Furnace (AFUE 95%)	\$300
Programmable Thermostat	\$25

5 |

6 |

7 | (Direct Testimony, Martha Wankum, January 2, 2014, page 16, line 3-9).

8 | Q. Are the proposed energy efficiency measures cost-effective?

9 | A. “Yes, the proposed measures are cost-effective. Both proposed measures  
10 | passed benefit cost tests with a score greater than one (1), including both the Total Resource  
11 | Cost Test (“TRC”) and the Utility Cost Test (“UCT”) as shown below”.

12 | Table 3: Benefit/Cost Tests (Low Growth)

13 |

Measure	Measure Level TRC	TRC+ Admin	UCT
Furnace	1.29	1.04	1.62
Thermostat	1.69	1.3	1.69

14 |

15 |

16 | (Direct Testimony, Martha Wankum, page 17, lines 21-24 and page 18, lines 1-5).

17 | Q. Does Staff recommend the proposed energy efficiency program?

18 | A. No, while Staff agrees SNG should have another energy efficiency incentive  
19 | program, as the Company did when it was Southern Missouri Natural Gas (“SMNG”), it  
20 | should have a higher annual amount allocated to the program than the \$15,000 annual budget  
21 | cap proposed by SNG. The Experimental Water Heater and Furnace Rebate Program through  
22 | SMNG became effective in December 2005 with an annual estimated cost of \$10,000-  
23 | \$15,000 and anticipated annual participants of 100-150. In May 2006 the programs estimated

1 annual cost increased to \$10,000-\$20,000 with the number of anticipated annual participants  
2 remaining at 100-150. Then in January 2011 the estimated cost of the program was increased  
3 to \$20,000-\$40,000 annually and anticipated annual participants increased to 200-300. The  
4 rebates were processed in house and given as a credit on the SMNG customer's bill.

5 Staff would like the Commission to authorize a natural gas energy efficiency program  
6 and a low-income weatherization assistance program that will be ratepayer funded through a  
7 regulatory asset account. The cost booked to these accounts will be analyzed in the next rate  
8 case for prudence. The potential components of the energy efficiency program would include  
9 energy efficiency education, rebates on energy efficient gas appliances that are cost effective  
10 and have a TRC of one (1) or more, and rebates and /or low-interest financing for building  
11 shell improvements. In my direct testimony I recommended the Commission authorize an  
12 Energy Efficiency Advisory Group ("EEAG") to oversee the design, implementation and  
13 evaluation of the energy efficiency and low-income customer weatherization programs.

14 Q. Who will administer the funds for the low-income customer weatherization  
15 program?

16 A. The funds for the low-income customer weatherization program would be  
17 administered by the Department of Economic Development, Division of Energy ("DE") in  
18 conjunction with the federal and state funds they administer for the weatherization of homes  
19 of low-income Missouri families. On average, the cost to weatherize a home in Missouri is  
20 \$7,000. The DE low-income weatherization has demonstrated an ability to effectively  
21 weatherize homes of low-income families in Missouri, and the Commission has been  
22 authorizing ratepayer-funded low-income customer weatherization for 20 years. Natural gas  
23 energy efficiency programs at other Missouri jurisdictional utilities have been in place several

1 years and have been effective in promoting the utilization of higher efficiency gas appliances  
2 and building shell improvements.

3 **RECOMMENDED LEVEL OF FUNDING FOR ENERGY EFFICIENCY**  
4 **PROGRAMS AND LOW INCOME WEATHERIZATION PROGRAM**

5 Q. Does Staff agree with the level of funding proposed in the direct testimony of  
6 John Buchanan, Department of Economic Development, Division of Energy?

7 A. No, while we agree funding should be based on annual revenues, we do not  
8 agree to the direct testimony of witness John Buchanan with Department of Economic  
9 Development, Division of Energy that "Low Income Weatherization Assistance funding  
10 should be in addition to the 0.5 percent target funding level for energy efficiency." (Direct  
11 Testimony of John Buchanan, Department of Economic Development, Division of Energy,  
12 page 13, lines 9-11.) Staff proposes the goal of 0.5 percent of annual revenues as the target  
13 level for both energy efficiency and Low-Income Weatherization assistance program as has  
14 been calculated for other company programs in the past. A ramp-up period of three (3) years  
15 is appropriate to allow SNG to form the EEAG, develop cost-effective programs, submit  
16 tariffs for approval and allow time to advertise the measures in the natural gas energy  
17 efficiency programs. At the end of the three (3) year period SNG should reach the goal of 0.5  
18 percent of annual revenues for Low-Income Weatherization assistance program and energy  
19 efficiency initiatives.

20 Q. What is Staff's recommendation for the Energy Efficiency rebate program and  
21 level of funding for the energy efficiency programs and low income weatherization program?

22 A. Staff recommends the Commission:

23 1. Authorize a natural gas energy efficiency program and a low-income  
24 weatherization program that will be ratepayer funded through a regulatory asset

1 account with a target goal of 0.5 percent of annual revenues to be reached within three  
2 (3) years.

3 2. Authorize an Energy Efficiency Advisory Group to oversee the design,  
4 implementation and evaluation of the energy efficiency and low-income  
5 weatherization programs.

6 Q. Does this conclude your rebuttal testimony?

7 A. Yes, it does.