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Witness: Revenue Requirement
Sponsoring Party: Missouri Department of Natural
Resources - Energy Center
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Case No.: ER-2009-0090

SURREBUTTAL TESTIMONY
OF
LAURA WOLFE
MISSOURI DEPARTMENT OF NATURAL RESOURCES
ENERGY CENTER

April 9, 2009

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

AQUILA INC. D/B/A KCP&L GREATER MISSOURI OPERATIONS RATE CASE

CASE NO. ER-2009-0090

1 **Q. Please state your name and address.**

2 A. My name is Laura Wolfe.

3 **Q. Are you the same Laura Wolfe that filed Direct Testimony in this case?**

4 A. Yes, I am.

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

6 A. I am testifying on behalf of the Missouri Department of Natural Resources (DNR), an
7 intervenor in these proceedings.

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

9 A. The purpose of my testimony is to respond to the rebuttal testimony filed by Mr. Ryan Kind
10 of the Office of Public Counsel (“OPC”) regarding the Supplemental Weatherization and
11 Minor Home Repair Program introduced by Aquila, Inc., d/b/a KCPL&L Greater Missouri
12 Operations (“KCPL-GMO”) witness Mr. Allen D. Dennis, and to respond to Mr. Dennis’
13 rebuttal testimony regarding my proposed energy efficiency target.

14 **Q. Does Mr. Kind support the Supplemental Weatherization and Minor Home Repair
15 Program proposed by KCPL-GMO?**

16 A. No. On page 4 of Mr. Kind’s rebuttal testimony he states two reasons why OPC opposes this
17 program. First, he states that there is insufficient detail regarding the program, and the
18 second is belief that “additional **utility** funding of low income weatherization programs is
19 not needed at the same time that we have experienced an enormous increase in **federal**
20 weatherization funding due to passage of the federal economic stimulus program.”

21 **Q. Do you agree with Mr. Kind’s statement that there is insufficient detail regarding the
22 program?**

1 A. No. I agree that the program details are not included in this case, but I do not believe that is
2 necessary in order for the Commission to rule on its implementation or not. There is an
3 expressed need for this program, as detailed in my Direct Testimony. The tariff sheet(s) can
4 be submitted when KCPL-GMO has formulated the details of the program, and OPC can
5 take full advantage of its right to file a request for a suspension of that tariff filing.

6 **Q. Do you agree with Mr. Kind's belief that this program should be denied because of**
7 **anticipated additional federal funds?**

8 A. Not at all. As noted in my direct testimony, the Department of Energy ("DOE"), the Federal
9 agency that administers the Low Income Weatherization Program ("LIWAP"), established a
10 deferral standard for homes where the "...building structure or its mechanical systems,
11 including electrical and plumbing, are in such a state of disrepair that failure is imminent
12 and the conditions cannot be resolved cost effectively." The DOE further stated that the
13 decision to defer work in a dwelling is difficult but necessary in some cases. This does not
14 mean that assistance will never be available, but that work must be postponed until the
15 problems can be resolved and/or alternative sources of help are found. This standard will
16 still apply when Missouri receives funds as a result of the American Recovery and
17 Reinvestment Act of 2009. Mr. Kind's objection to this program based on the anticipated
18 ARRA funding is without merit.

19 **Q. What was Mr. Dennis' response to your recommendation to implement an energy**
20 **efficiency target for future IRP analysis?**

21 A. Mr. Dennis stated that this case should focus on current programs and not consider future
22 programs.

1 **Q. Is this sufficient reason to for the Commission to deny implementation of a target for**
2 **reductions due to energy efficiency measures?**

3 A. No. As I stated in my direct testimony, in a nutshell, what happens in IRP cases should
4 have an impact on what happens in a rate case. The amount KCPL-GMO spends annually
5 on demand side management will impact the amount KCPL-GMO eventually recovers in
6 rates through its regulatory asset account. The Commission should take every opportunity to
7 clearly establish the expectations for a thorough analysis of demand side management
8 options. It is appropriate for the Commission to establish targets for energy efficiency
9 savings, and the Commission has done so in a previous rate case.¹ MDNR recommends that
10 the Commission establish the following DSM goal for KCPL-GMO: a net incremental
11 reduction in annual energy usage of at least one percent (1%) resulting from the ongoing
12 implementation of demand side programs and that this annual incremental goal be continued
13 over a 20-year planning period. The calculation of net incremental reduction in energy usage
14 should incorporate free-ridership and spill-over factors. This DSM goal should be used by
15 KCPL-GMO in its resource planning analysis.

16 **Q. Does this conclude your testimony?**

17 A. Yes.

¹ In the Matter of Union Electric Company d/b/a AmerenUE's Tariffs Increasing Rates for Electric Service Provided to Customers in the Company's Missouri Service Area.