

Exhibit No.:
Issues: Energy Efficiency
Witness: John Buchanan
Sponsoring Party: Missouri Department of Natural
Resources - Missouri Energy Center
Type of Exhibit: Rebuttal Testimony
Case No.: GR-2009-0355

MISSOURI PUBLIC SERVICE COMMISSION

MISSOURI GAS ENERGY

CASE NO. GR-2009-0355

FILED²

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REBUTTAL TESTIMONY

Missouri Public
Service Commission

OF

JOHN BUCHANAN

ON

BEHALF OF

MISSOURI DEPARTMENT OF NATURAL RESOURCES

ENERGY CENTER

Jefferson City, Missouri
September 28, 2009

DNR Exhibit No. 88
Case No(s). GR-2009-0355
Date 10-26-09 Rptr XF

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1 **I. INTRODUCTION**

2 **Q. Please state your name and business address.**

3 A. John Buchanan, Missouri Department of Natural Resources, Missouri Energy Center, 1101
4 Riverside Drive, Jefferson City, Missouri.

5 **Q. Have you previously filed testimony in this case?**

6 A. Yes. On August 21, 2009, I filed direct testimony on behalf of the Missouri Department of
7 Natural Resources' Energy Center (EC).

8 **Q. On whose behalf are you presenting rebuttal testimony in this case?**

9 A. Like my Direct Testimony, I am testifying on behalf of the EC.
10

11 **II. PURPOSE AND SUMMARY OF REBUTTAL TESTIMONY**

12 **Q. What is the purpose of your rebuttal testimony in these proceedings?**

13 A. The purpose of my rebuttal testimony is to address direct testimony filed by Thomas Imhoff
14 on behalf of the Staff of the Missouri Public Service Commission (Staff) and direct testimony
15 filed by Ryan Kind on behalf of the Office of Public Counsel (OPC). I will specifically offer
16 testimony to address Staff and OPC issues regarding:

17 (1) Appropriate levels of funding to support cost effective energy efficiency programs to be
18 designed and offered by Missouri Gas Energy (MGE);

19 (2) Methodologies to support funding necessary to support cost effective energy efficiency
20 programs by MGE; and,

1 (3) Cost recovery for energy efficiency programs implemented by MGE as a result of this
2 general rate case.

3
4 **III. APPROPRIATE FUNDING LEVELS TO SUPPORT ENERGY EFFICIENCY**

5 **Q. Please summarize Staff's funding recommendations regarding energy efficiency**
6 **programs for MGE.**

7 **A.** Staff supports the continued funding of \$705,000 for energy conservation programs and
8 \$45,000 for education on energy conservation (Direct Testimony, Thomas Imhoff,
9 September 3, 2009, Exhibit Staff Report, Class-Cost-of-Service and Rate Design, page 16,
10 lines 22-23 and page 17, lines 6-7, Staff Expert – Henry E. Warren). Staff supports the
11 continuation of the (Low-Income) Weatherization Program at an annual funding level of
12 \$750,000 (Direct Testimony, Thomas Imhoff, September 3, 2009, Exhibit Staff Report,
13 Class-Cost-of-Service and Rate Design, page 17, lines 8-10, Staff Expert – Henry E.
14 Warren). Further, Staff recommends that “additional (energy efficiency) programs should be
15 developed for the residential customers and the other customer classes” (Direct Testimony,
16 Thomas Imhoff, September 3, 2009, Exhibit Staff Report, Class-Cost-of-Service and Rate
17 Design, page 17, lines 7-8, Staff Expert – Henry E. Warren).

18 **Q. Does Staff recommend funding levels for additional energy efficiency programs for**
19 **residential customers and the other customer classes?**

20 **A.** No. Staff recommends “additional (energy efficiency) programs should be developed for the
21 residential customers and the other customer classes” (Direct Testimony, Thomas Imhoff,
22 September 3, 2009, Exhibit Staff Report, Class-Cost-of-Service and Rate Design, page 17,
23 lines 7-8, Staff Expert – Henry E. Warren); however, Staff does not propose the level of

1 funding to support such additional programs (beyond the current slate of energy efficiency
2 programs and the current level of funding of \$750,000 per year for energy efficiency; and,
3 \$750,000 per year for low-income weatherization) or a funding methodology for any
4 additional energy efficiency programs implemented by MGE.

5 **Q. Please summarize OPC's funding recommendations regarding energy efficiency**
6 **programs for MGE.**

7 A. OPC witness Ryan Kind "proposes that MGE no longer collect \$750,000 per year as an
8 expense that is reflected in its revenue requirement but instead utilize the same deferral
9 accounting (creation of a regulatory asset account) energy efficiency cost recovery
10 mechanism that is used by most other energy utilities regulated by the Commission" (Direct
11 Testimony, Ryan Kind, August 21, 2009, page 5, lines 18-21).

12 **Q. Has the OPC addressed funding recommendations regarding energy efficiency**
13 **programs for other Missouri regulated natural gas companies?**

14 Yes. Mr. Kind, in Laclede Gas Company's Case No. GR-2007-0208, proposed an energy
15 efficiency program expenditure level, specifically, "the initial targets for annual conservation
16 program expenditures shall be 1% of Laclede's annual gross revenues so long as this level of
17 expenditure is expected to be cost-effective." (Direct Testimony, Ryan Kind, page 8, line 31
18 and page 9, lines 1-2)

19 **Q. Please summarize the basis of the energy efficiency expenditure level proposed by Mr.**
20 **Kind in Case No. GR-2007-0208.**

21 A. Mr. Kind references the funding level authorized by the Commission in Atmos Energy
22 Corporation's last rate case, GR-2006-0387. As noted by Mr. Ryan, "I relied on the goal that
23 the Commission set for Atmos in its recent case where Atmos was directed to develop and

1 implement a comprehensive set of efficiency programs in exchange for the fixed-variable
2 rate design that the Commission was allowing Atmos to use to recover its revenue
3 requirement. On page 21 of its February 22, 2007 Report and Order in Case No. GR-2006-
4 0387, the Commission stated:

5 'Atmos has proposed \$78,000 and unlimited energy audits creating a minimum of
6 \$1.75 million worth of potential liability. Obviously, not every one of the 50,000
7 residential customers served by Atmos will request an audit. However, that
8 commitment shows that Atmos is capable and willing to provide enough funding to
9 implement a meaningful conservation program. Thus, the Commission finds that it
10 would be just and reasonable and in the public interest to implement a fixed delivery
11 charge rate design as proposed by Staff **on the condition that Atmos contribute**
12 **annually, one percent (1%) of its annual gross revenues (currently,**
13 **approximately \$165,000) to be used for an energy efficiency and conservation**
14 **program.'**”(Emphasis added)

15 (Direct Testimony, GR-2006-0387, Ryan Kind, May 4, 2007, and page 9, lines 4-19)
16

17 **Q. Has Staff proposed alternative energy efficiency funding levels for other Missouri**
18 **regulated natural gas companies?**

19 Yes. In Laclede Gas Company's last rate case, GR-2007-0208, Staff recommended annual
20 funding in rates of \$972,000 per year based on per customer charge of \$1.50, with the
21 authority to allow any unexpended funds to be expended in the subsequent year. If Laclede
22 elected to fund energy efficiency programs beyond the \$972,000 per year, through program
23 recommendations of the Collaborative, "such as at the funding levels of 0.5% to 1% of
24 natural gas utility revenue reported in the 'National Action Plan for Energy Efficiency'" Staff
25 recommends that these additional costs be placed in a regulatory asset account, amortized
26 over a ten-year period and that the Commission allow Laclede to earn a return not greater
27 than the Laclede AFUDC rate (Direct Testimony, GR-2007-0208, Lesa Jenkins, May 2007,
28 page 9, 17-23 and page 10, lines 1-2).

1 **Q. Is the current level of funding of \$750,000 per year by MGE and supported by Staff**
2 **sufficient to support cost-effective energy efficiency initiatives?**

3 A. No. The EC recommends that the Commission require MGE to commit to adequate funding
4 to implement the energy efficiency programs identified by MGE that are determined to be
5 cost effective. Annual funding levels should begin at 0.5 percent of MGE's annual gross
6 operating revenues (which would be a funding level of approximately \$4 million) beginning
7 in calendar year 2010 and increase to 1.0 percent of its annual gross operating revenues (or a
8 funding level of approximately \$7 million) by calendar year 2012. In MGE's last rate case
9 GR-2006-0422, the Commission approved the conservation program proposed by Staff and
10 MGE (Report and Order, March 22, 2007, Missouri Public Service Commission, GR-2006-
11 0244, page 17 – 18) at the current funding level of \$750,000 per year to support MGE's
12 energy efficiency initiatives and the current funding level of \$750,000 per year to support
13 MGE's low-income weatherization program, for a total of \$1.5 million per year. This
14 represents just 0.21 percent of MGE's gross annual operating revenue for calendar year 2008
15 reported at \$738,601,373 by MGE (Response to Data Request, DNR-008, Michael Noack,
16 Missouri Gas Company, August 3, 2009).

17 **Q. Do you agree with OPC and Staff recommendations for energy efficiency funding**
18 **levels?**

19 A. No. EC proposes more significant funding for the implementation and management of non-
20 low income energy efficiency programs as a condition of favorable rate design authorized by
21 the Commission. Additional energy efficiency funding will allow the company to provide
22 energy efficiency programs into the future as the U.S. economy recovers and as consumer
23 demand for energy efficiency services and products increase. Sufficient funding levels are

1 necessary to support cost-effective efficiency programs that result in meaningful impacts on
2 energy demand. Additional testimony addressing this issue appears in Section IV. Energy
3 Efficiency Funding Methodology.
4

5 **IV. ENERGY EFFICIENCY COLLABORATIVE (EEC)**

6 **Q. Please summarize Staff's recommendation regarding the Energy Efficiency**
7 **Collaborative (EEC) established by Case No. GT-2008-0005.**

8 A. Staff recommends that the EEC established by Case No. GT-2009-0005 no longer be in
9 effect as of the date when new rates from this case become effective (Direct Testimony,
10 Thomas Imhoff, September 3, 2009, Exhibit Staff Report, Class-Cost-of-Service and Rate
11 Design, page 16, lines 20-22, Staff Expert – Henry E. Warren).

12 **Q. Please summarize OPC's recommendation regarding the Energy Efficiency**
13 **Collaborative (EEC) established by Case No. GT-2008-0005.**

14 A. OPC proposes to continue the MGE EEC created in Case No. GT-2008-0005 so that it
15 continues to function in the same manner until new rates become effective in the next MGE
16 general rate proceeding following the current general rate proceeding. (Direct Testimony,
17 Ryan Kind, August 21, 2009, page 7, lines 9-12)

18 **Q. Should the EEC continue to participate in MGE's energy efficiency initiative?**

19 A. Yes. The Energy Center recommends the Commission approve the continuation of the
20 Energy Efficiency Collaborative (EEC) created by GT-2008-0005 consisting of
21 representatives from MGE, Staff, OPC, the EC and other interested parties that have
22 intervened in this rate case to facilitate energy-efficiency activities undertaken by MGE.
23 However, the Energy Center also recommends that the collaborative should serve in an

1 *advisory* capacity to help guide MGE's energy efficiency planning and implementation
2 process. MGE should determine and implement the most appropriate and cost-effective slate
3 of energy efficiency programs to meet the needs of its customers and share-holders.
4

5 **IV. ENERGY EFFICIENCY FUNDING METHODOLOGY**

6 **Q. Please summarize the Commission's approval of MGE's energy efficiency initiatives in**
7 **the company's last rate case.**

8 A. In MGE's last rate case, Case No. GR-2006-0422, the Commission's Report and Order
9 addressed energy efficiency funding under **Part 7 Natural Gas Conservation**. The
10 Commission noted that "under the SFV (Straight Fixed Variable) (residential) rate design,
11 MGE's disincentive to promote natural gas conservation is removed. With the disincentive
12 removed, the company is willing to 'offer' conservation programs to better align themselves
13 with the interest of the customer. The company offers \$705,000 to be included in rates to go
14 toward a gas water heater rebate program...Additionally, the company is offering \$45,000 to
15 be included in rates to educate the public about energy conservation...MGE anticipates
16 lowering its revenue requirement by \$1 million under the SFV design and using that money
17 for conservation programs. The Commission shall approve the conservation program
18 proposed by Staff and MGE." (Report and Order, Missouri Public Service Commission,
19 March 22, 2007, **Item 7. Natural Gas Conservation**)

20 **Q. Please briefly explain the purpose of using MGE's annual operating revenue as the**
21 **basis for funding energy efficiency programs?**

22 A. The Commission's Report and Order in Case No. GR-2006-0387 (Atmos Energy
23 Corporations' last rate case), states that funding for Atmos Energy Corporation's energy

1 efficiency programs should be based on “annual gross revenues”. In fact, funding was based
2 on annual *adjusted* gross operating revenue that excluded natural gas-related costs. This
3 approach created only \$165,000 in annual funding for energy efficiency programs to be
4 designed and implemented by Atmos no later than August 2007. By contrast, if funding for
5 energy efficiency programs was based on an initial target for annual energy efficiency
6 program expenditures at 1 percent of annual gross operating revenues, which was reported at
7 \$57.104 million (Atmos Exhibit 105, Staff Accounting Schedules, Schedule 9 – 1), there
8 would have been about \$571,000 in annual funding available from Atmos for energy
9 efficiency programs. These funds were not included in rates, and they are not accounted to a
10 regulatory asset account. Essentially, Atmos is committed to an annual funding level linked
11 to its adjusted gross operating revenue, and this approach provides little incentive or
12 opportunity for the company to implement expanded or additional energy efficiency
13 programs that may be designated as cost effective by the Atmos energy efficiency
14 collaborative, which was also established by the Commission in the Atmos rate case. As a
15 member of this collaborative, the Energy Center has noticed that it has been difficult to
16 identify programs that would have a meaningful impact in terms of energy savings due to the
17 limited funding level, as Atmos is able to fund only one or two programs. Atmos is
18 committing annually \$100,000 to support low-income weatherization, leaving a balance of
19 just \$65,000 for an energy education and appliance rebate program.

20 **Q. Please briefly describe the Commission approved Atmos funding methodology if**
21 **applied to MGE.**

22 If the Commission applies the same funding methodology to MGE as it authorized for Atmos
23 (based on *adjusted* annual gross operating revenue, which excludes the cost of natural gas, as

1 opposed to annual gross operating revenue that includes the cost of natural gas), the
2 Commission would be establishing a *maximum* funding commitment for MGE of
3 approximately \$2.35 million (Staff Accounting Schedules, Direct, August 2009, Schedule 9 –
4 1, reflecting adjusted operating revenue calculated by Staff at \$235,984,842). In effect, the
5 use of a 1 percent maximum funding level using adjusted operating revenue for MGE would
6 result in additional energy efficiency funding of approximately \$859,848 per year above the
7 current funding level of \$1.5 million per year that supports MGE's current energy efficiency
8 education and rebate program (\$750,000 per year) and MGE's low-income weatherization
9 program (\$750,000 per year) collected in rates. The \$859,848 annual increase is less than the
10 annual cost to perform customer meter reading by MGE (\$943,699 for 2008) (Staff
11 Accounting Schedules, Direct, August 2009, Schedule 9 – 3, Line Number 77).

12 **Q. Did the Commission address the need for conservation programs in light of a fixed**
13 **customer rate for Atmos?**

14 A. Yes. On page 17 of the Report and Order, GR-2006-0387, issued February 22, 2007 the
15 Commission states:

16 "The current rate design encourages conservation by increasing the minimum monthly
17 bill paid by the customer. The rationale is that customers will notice a change in their
18 fixed monthly bill charge and adjust their behavior appropriately. Requiring the
19 company to initiate a conservation program is further insurance that the fixed delivery
20 charge rate design will promote conservation. Thus, in order to change the rate structure,
21 **the Commission finds that a conservation program of significant size would be**
22 **necessary to offset any loss of traditional rate design conservation incentive."**
23 (Emphasis added)

24
25 Further, the Commission noted in the following paragraph:

26 **"Eighty percent of a customer's total bill is purchased gas cost. Even under Staff's**
27 **proposed rate design where the volumetric portion of non-gas cost is removed in favor of**
28 **a fixed delivery charge, the customer is still going to have a great incentive to reduce**
29 **consumption in order to reduce 80 percent of that customer's bill. Thus,**
30 **consumption is going to be largely driven by the wholesale cost of gas."**

1 (Emphasis added)
2

3 **Q. What is your recommendation for an energy efficiency funding methodology for MGE?**

4 In order to achieve a level of funding to fully identify, design and implement a slate of cost
5 effective energy efficiency programs “significant in size” and sufficient to help customers
6 “reduce 80 percent of that customer’s bill”, I respectfully recommend that a percentage of
7 annual gross operating revenues that includes gas costs should be the methodology used to
8 fund MGE energy efficiency programs. This is appropriate because long-term sustainable
9 and cost effective energy efficiency programs that will result in meaningful impacts on
10 natural gas use by MGE customers and that send demand signals to natural gas producers and
11 wholesalers to pressure prices lower require sufficient levels of funding. A funding method
12 that relies only on the company’s adjusted annual gross operating revenue or non-gas costs,
13 produces significantly lower funding levels and ignores one of the most significant costs to
14 the company and to its customers – that is, the cost of the natural gas commodity itself.

15 **Q. Please briefly summarize an example of natural gas utilities funding energy efficiency**
16 **programs at 1 percent of total annual operating revenues.**

17 **A.** Effective July 1, 2007, Wisconsin adopted statewide legislation known as 2005 Act 141. The
18 Act requires that each electric and natural gas energy utility in Wisconsin spend no less than
19 1.2% of its annual operating revenues, which includes adjusted operating revenues and
20 natural gas commodity expenses, for energy efficiency and renewable resource programs.
21 The legislation provided an effective guideline in determining adequate funding levels for
22 utility-based energy efficiency programs. The Act requires that the investor-owned electric
23 and gas public utilities in Wisconsin collectively create and fund statewide energy efficiency
24 and renewable resource programs. It further requires the energy utilities to contract with one

1 or more persons to administer the programs. The Act provides that the statewide programs
2 must include components to address the energy needs of customers and initiatives to address
3 market barriers to the offering of goods and services relating to energy efficiency and
4 renewable resources.

5 **Q. Why should the Commission establish an initial target for annual energy efficiency**
6 **program expenditures?**

7 A. This funding proposal is comparable to the funding recommendations and authorized by the
8 Commission in Atmos Energy Corporation's rate case GR-2006-0387, but uses annual gross
9 operating revenues rather than adjusted gross operating revenues to determine the basis for
10 energy efficiency funding levels.

11 First, an initial target for annual energy efficiency program expenditures (so long as this level
12 of expenditure is expected to be cost-effective) is necessary to assist MGE in identifying and
13 adopting a series of cost-effective energy efficiency programs. A prescribed budget would
14 help facilitate the evaluation of energy programs as well as assist in the design and
15 implementation of the number and type of cost-effective programs that could be offered by
16 MGE.

17 Next, an initial target level of funding established by the Commission would assure a
18 commitment by MGE to implement cost-effective programs. MGE customers should be
19 assured of an ongoing level of funding by MGE to support energy efficiency programs in
20 future years. This approach provides incentive or opportunities for the company to
21 implement expanded or additional energy efficiency programs in the future.

22 Lastly, an initial target level of energy efficiency funding authorized by the Commission
23 based on MGE's annual gross operating revenues, and established as a condition for allowing

1 or more persons to administer the programs. The Act provides that the statewide programs
2 must include components to address the energy needs of customers and initiatives to address
3 market barriers to the offering of goods and services relating to energy efficiency and
4 renewable resources.

5 **Q. Why should the Commission establish an initial target for annual energy efficiency**
6 **program expenditures?**

7 A. This funding proposal is comparable to the funding recommendations and authorized by the
8 Commission in Atmos Energy Corporation's rate case GR-2006-0387, but uses annual gross
9 operating revenues rather than adjusted gross operating revenues to determine the basis for
10 energy efficiency funding levels.

11 First, an initial target for annual energy efficiency program expenditures (so long as this level
12 of expenditure is expected to be cost-effective) is necessary to assist MGE in identifying and
13 adopting a series of cost-effective energy efficiency programs. A prescribed budget would
14 help facilitate the evaluation of energy programs as well as assist in the design and
15 implementation of the number and type of cost-effective programs that could be offered by
16 MGE.

17 Next, an initial target level of funding established by the Commission would assure a
18 commitment by MGE to implement cost-effective programs. MGE customers should be
19 assured of an ongoing level of funding by MGE to support energy efficiency programs in
20 future years. This approach provides incentive or opportunities for the company to
21 implement expanded or additional energy efficiency programs in the future.

22 Lastly, an initial target level of energy efficiency funding authorized by the Commission
23 based on MGE's annual gross operating revenues, and established as a condition for allowing

1 a higher fixed customer charge, would assure that MGE would implement a slate of cost
2 effective energy efficiency programs considered to be “significant in size” and sufficient to
3 help customers reduce the most substantial component of their monthly utility bill.
4

5 **VI. COST RECOVERY FOR MGE ENERGY EFFICIENCY PROGRAMS**

6 **Q. Please describe Staff’s proposal to recover or provide funding to support MGE’s energy**
7 **efficiency expenditures?**

8 A. Staff proposes to continue the current SFV residential rate design (Direct Testimony, Thomas
9 Imhoff, September 3, 2009, Exhibit Staff Report, Class-Cost-of-Service and Rate Design,
10 page 1, lines 10-16) that requires MGE to provide continued funding to support residential
11 energy efficiency initiatives.

12 **Q. Please describe OPC’s proposal to recover or provide funding to support MGE’s**
13 **energy efficiency.**

14 A. OPC proposes an adjustment of \$750,000 (to MGE’s revenue requirement) and to use a
15 regulatory asset account with a 10-year amortization period to expend and account for any
16 balance remaining for energy efficiency programs and to account for future MGE energy
17 efficiency expenditures. OPC notes that “Assuming that this regulatory asset account
18 initially has a negative balance of \$1.2 million and that MGE’s expenditures on residential
19 energy efficiency programs increase to a level of \$600,000 per year (from the current level of
20 only about \$420,000 per year), then the negative balance will begin to turn positive at the
21 beginning of the third year following the conclusion of the current pending rate case.” (Direct
22 Testimony, Ryan Kind, August 21, 2009, page 6, lines 1-15)

1 **Q. Should the Commission require MGE to account for energy efficiency expenditures**
2 **through the creation of a regulatory asset account?**

3 A. The EC does not oppose the use of a regulatory asset account to account for energy
4 efficiency expenditures. However, the Commission, in MGE's last rate case, GR-2006-0422,
5 approved Staff and MGE proposed energy efficiency programs with the adoption of the SFV
6 rate design for MGE residential customers. Since the Commission has approved energy
7 efficiency initiatives with regard to the SFV residential rate design, the EC recommends the
8 continuation of these energy efficiency programs and the funding process authorized in
9 MGE's last rate case, GR-2006-0422, but adjusted to the target formula approach presented
10 by the EC.

11 **Q. What form of funding should the Commission authorize to support MGE energy**
12 **efficiency funding?**

13 A. It is recommended that the Commission authorize the continuation of the SFV residential rate
14 design to support MGE's energy efficiency programs at the prescribed initial target funding
15 levels proposed in EC's direct testimony.

16 **Q. Please briefly describe the SFV rate design and energy efficiency initiatives.**

17 A. The Commission addressed several factors related to the SFV rate design in its Report and
18 Order relating to MGE's last rate case, GR-2006-0422 issued March 22, 2007. Among these
19 issues was the disincentive for the company to offer natural gas conservation programs.
20 Specifically, the Commission noted that "Currently, MGE has an incentive to sell more gas
21 to at least recover its cost. The current rate design therefore discourages natural gas
22 conservation efforts on the part of the company. If the SFV design is adopted, the company

1 is committed to offering several natural gas conservation initiatives.” (Missouri Public
2 Service Commission Report and Order, GR-2006-0422, March 22, 2007, page 11)

3 **Q. If the Commission rescinds MGE’s current SFV residential rate design, will MGE have**
4 **an incentive to offer energy efficiency initiatives?**

5 A. If the Commission rescinds the current SFV, it is highly unlikely that MGE will have an
6 incentive to offer residential energy efficiency initiatives following the conclusion of the
7 pending rate case. The incentive to offer and implement cost-effective energy efficiency
8 programs will most likely be removed since MGE will have no method, with the exception of
9 the regulatory asset account approach, to recover company energy efficiency investments.
10 The use of the SFV rate design that includes a commitment to fund energy efficiency
11 programs by MGE as a condition of a favorable rate design creates the initiative for the
12 company to offer energy efficiency programs.

13 **Q. Do nationally recognized organizations recognize and support removing disincentives**
14 **for utilities to promote energy efficiency?**

15 A. Yes. The National Association of Regulatory Utility Commissioners (NARUC) strongly
16 supports the removal of disincentives for utilities to promote energy efficiency. On July 14,
17 2004, NARUC adopted a *Resolution on Gas and Electric Energy Efficiency* sponsored by the
18 NARUC Natural Gas Task Force, Committee on Gas, Committee on Consumer Affairs,
19 Committee on Electricity, and Committee on Energy Resources and the Environment, which
20 “encourages State Commissions to review and consider the recommendations contained in
21 the *Joint Statement of the American Gas Association, the Natural Resources Defense*
22 *Council, and the American Council for an Energy Efficient Economy*”. ([http://ase.org/imgs/lib/e-](http://ase.org/imgs/lib/e-FFICIENCY/joint_AGA_NRDC_NARUC_statement.pdf)
23 [FFICIENCY/joint_AGA_NRDC_NARUC_statement.pdf](http://ase.org/imgs/lib/e-FFICIENCY/joint_AGA_NRDC_NARUC_statement.pdf)).

1 On August 2, 2006, the NARUC adopted a resolution, *Resolution Supporting the National*
2 *Action Plan on Energy Efficiency*, sponsored by the Executive Committee and the
3 Committees on Consumer Affairs, Electricity, Energy Resources and the Environment, and
4 Gas, “endorsing the principal objectives and recommendations of the National Action Plan
5 on Energy Efficiency and commend[ing] to its member commissions a State-specific, and
6 where appropriate, regional review of the elements and potential applicability of the energy
7 efficiency policy recommendations outlined in the Plan, in an effort to identify potential
8 improvements in energy efficiency policy nationwide.”

9 (http://www.epa.gov/cleanenergy/documents/napee/napee_report.pdf)

10 In May 2008, the American Gas Association (AGA) and the Natural Resources Defense
11 Council (NRDC) issued a *Second Joint Statement* endorsed by the Alliance to Save Energy
12 and the American Council for Energy Efficient Economy

13 (<http://www.aga.org/NR/rdonlyres/CC8D9622-9E61-47F4-9154-BC46302E41DD/0/0805NRDCAGA2.pdf>.)

14 The *Second Joint Statement* supports three common objectives: 1) removing disincentives for
15 utilities to promote energy efficiency and reduce greenhouse gas emissions, and uniting to
16 achieve increased savings through programs and standards; 2) developing performance-based
17 incentives for utilities to promote energy efficiency and reduced greenhouse gas emissions;
18 and 3) recognizing the potential contributions of efficient natural gas use in promoting
19 reduced greenhouse gas emissions. These actions were formally adopted in Resolution GS-2
20 [ERE-3] Resolution on Second Joint Statement of the American Gas Association and the
21 Natural Resources Defense Council in Support of Measures to Promote Increased Energy
22 Efficiency and Reduction in Greenhouse Gas Emissions at NARUC’s July 23, 2008 Summer
23 Meeting.

1 **Q. Does this conclude your rebuttal testimony?**

2 Yes. Thank you.

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

In the Matter of Missouri Gas Energy's)
Tariffs to Revise Natural Gas Rate Schedules)

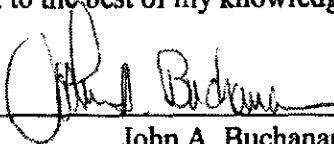
Case No. GR-2009-0355

AFFIDAVIT OF JOHN A. BUCHANAN

STATE OF MISSOURI)
) SS
CITY OF JEFFERSON)

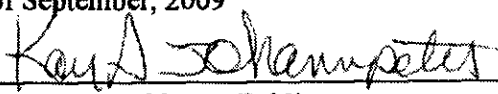
John A. Buchanan, of lawful age, being duly sworn on his oath, deposes and states:

1. My name is John A. Buchanan. I work in the City of Jefferson, Missouri, and I am employed by the Missouri Department of Natural Resources as Senior Planner, Missouri Energy Center, Office of the Director.
2. Attached hereto and made a part hereof for all purposes is my Rebuttal Testimony on behalf of the Missouri Department of Natural Resources – Missouri Energy Center consisting of 16 pages all of which have been prepared in written form for introduction into evidence in the above-referenced docket.
3. I hereby swear and affirm that my answers contained in the attached testimony to the questions therein propounded are true and correct to the best of my knowledge.



John A. Buchanan

Subscribed and sworn to before me this 25th day of September, 2009



Notary Public

My commission expires:

KAY A. JOHANNPETER
Notary Public - Notary Seal
STATE OF MISSOURI
Moniteau County
My Commission Expires: Aug. 4, 2011
Commission # 07551967

