

Issue: Low Income Proposal  
Witness: John Moten, Jr.  
Type of Exhibit: Surrebuttal Testimony  
Sponsoring Party: Laclede Gas Company  
Case No.: GT-2001-329

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MAY 30 2001

Missouri Public  
Service Commission

LACLEDE GAS COMPANY

SURREBUTTAL TESTIMONY

OF

JOHN MOTEN, JR.

May 30, 2001

Exhibit No. 7  
Date 6/18/01 Case No. GT-2001-329  
Reporter KLM

BEFORE THE PUBLIC SERVICE COMMISSION  
OF THE STATE OF MISSOURI

In the Matter of Laclede Gas Company's     )  
Tariff Filing to Implement an Experimental     )  
Fixed Price Plan and Other Modifications     )     Case No. GT-2001-329  
To Its Gas Supply Incentive Plan.     )

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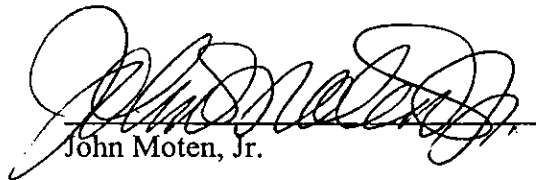
STATE OF MISSOURI     )  
                                      ) SS.  
CITY OF ST. LOUIS     )

John Moten, Jr., of lawful age, being first duly sworn, deposes and states:

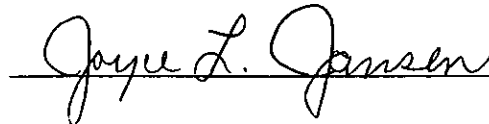
1. My name is John Moten, Jr. My business address is 720 Olive Street, St. Louis, Missouri 63101; and I am Vice President-Community Relations for Laclede Gas Company.

2. Attached hereto and made a part hereof for all purposes is my surrebuttal testimony, consisting of pages 1 to 7, inclusive.

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 and belief.

  
John Moten, Jr.

Subscribed and sworn to before me this 29<sup>th</sup> day of May, 2001.



JOYCE L. JANSEN  
Notary Public — Notary Seal  
STATE OF MISSOURI  
St. Louis County  
My Commission Expires: July 2, 2004

**SURREBUTTAL TESTIMONY OF JOHN MOTEN, JR.**

Q. Please state your name and business address.

A. My name is John Moten, Jr., and my business address is 720 Olive Street, St. Louis, Missouri 63101.

Q. By whom are you employed and in what capacity?

A. I am Vice President, Community Relations for Laclede Gas Company.

Q. How long have you held your position?

A. I was elected Vice President, Community Relations on February 27, 1994. Effective July 1, 2001, I will assume the position of Senior Vice President—Operations and Marketing.

Q. Would you briefly describe your duties as Vice President, Community Relations?

A. My current duties include legislative efforts to obtain adequate funding, governmental and otherwise, for energy assistance for low-income households within the Laclede service territory and across the State. In addition, my duties include the design and implementation of certain customer assistance programs, such as:

- The Laclede Employee Volunteer Weatherization Program (WeatherWise) for elderly and handicapped low-income households.
- The Laclede EnergySmart Programs for low-income energy assistance recipient households who are without natural gas service at the start of winter (Customer Assistance Program); and informational workshops at social service agency sites (Customer Education Program).
- Administrative support for the Dollar-Help Program.
- Involvement in non-profit organizations established to help the community.

- And employee volunteer programs to assist customers and their families such as fundraising for Dollar-Help, Arts & Education Council and United Way.

Q. What is your educational background?

A. I received a Bachelor of Science Degree in Chemistry from Morehouse College in Atlanta, Georgia, in 1962.

Q. Will you describe your work experience with Laclede?

A. I joined Laclede in 1962 as an Assistant Chemist and was promoted to Chief Chemist in 1967. I then became Laboratory Superintendent in 1972 and Director of Laboratory Services in 1973. In 1980 I was made Director of Conservation Services and then Director of Community Affairs/Conservation in 1986. As stated above, I became Vice President, Community Relations in 1994.

#### **PURPOSE OF SURREBUTTAL TESTIMONY**

Q. What is the purpose of your surrebuttal testimony?

A. The purpose of my testimony is to advise the Commission of the impact of one of the modifications that the Company has proposed to make to its Gas Supply Incentive Plan ("GSIP") in response to concerns raised by Staff and Public Counsel. Specifically, I will discuss the impact of the Company's proposal to contribute a share of its GSIP earnings to the Dollar-Help Program; an organization that provides assistance to low-income customers.

#### **NEED FOR LOW-INCOME ENERGY ASSISTANCE**

Q. Please describe the need for low-income energy assistance.

A. The federal government has recognized that "Energy costs account for a sizable portion of living expenses for poor families. To help meet rising costs, the Low Income Home

1 Energy Assistance Program (LIHEAP) was established in 1980.”<sup>1</sup> The “portion of living  
2 expenses” cited above is generally referred to as “energy burden” i.e., the ratio of  
3 household energy costs to household income, or the percent of household income spent  
4 for home energy.

5 In a 1995 U. S. Department of Health and Human Services Report to Congress, it  
6 was reported that the energy burden nationally for low-income households was 16%. The  
7 maximum affordable burden was considered to be 10%. The report listed the annual  
8 household energy cost (gas and electric) for low-income households to be \$1,294 per year  
9 for households with incomes of \$8,000 per year or less. The study assumes that even if  
10 the household pays 10% of its income for energy, or \$800 per year, the household would  
11 have an “affordability gap” of \$494 per year (\$1,294 - \$800). When we consider the  
12 average LIHEAP grant is about \$200, you can see that LIHEAP does not cover this gap  
13 but does provide a sorely needed supplement to help needy families. It is because of this  
14 historically persistent affordability gap that programs such as Dollar-Help are so  
15 important. These efforts are needed even more when the impact of increased wholesale  
16 natural gas costs are considered.

17 Q. How many Laclede customers receive LIHEAP, and about how many are eligible to  
18 receive assistance?

19 A. In FY 2000, one of the warmest winters on record, 14,196 Laclede customers received  
20 LIHEAP. Of these, 2,552 households received additional assistance in the form of  
21 Dollar-Help, Dollar More, etc. The amount of assistance received by Laclede’s  
22 customers from LIHEAP, ECIP, Dollar-Help and Dollar More totaled about \$3,957,296

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<sup>1</sup> U.S. Senate report 103-251 on S.2000, April 19, 1994.

1 in FY 2000. It is estimated that about 15% of the households eligible for LIHEAP  
2 receive assistance. Therefore, the number of eligible LIHEAP households in the Laclede  
3 service area is estimated to be at least 96,640.

4 Q. Why does the Company believe that supplemental energy assistance in the form of  
5 Dollar-Help is needed at the state level?

6 A. For more than thirteen years, the State of Missouri has relied almost exclusively on  
7 federal funds from LIHEAP to assist its low-income citizens, including many elderly and  
8 disabled. However, core LIHEAP funding had been cut over the last ten years, primarily  
9 due to cuts in the federal budget.

10 And even with the additional federal and state funds that have been provided this  
11 year, the impact of dramatic increases in wholesale natural gas costs and extremely cold  
12 weather during November and December on customer bills has created an even greater  
13 need for private sources of energy assistance such as Dollar-Help. This is evidenced in  
14 part by the fact that the number of energy assistance recipients increased by some 20%  
15 this past winter.

16 Q. Doesn't the Company already support Dollar-Help?

17 A. Yes. The Company has, for the last several years, intensified its efforts to assist private  
18 energy assistance organizations in St. Louis, to solicit small contributions from the  
19 public, and raise contributions in cooperation with corporate partners through programs  
20 such as Dollar-Help, which Laclede helped co-found. The Company has for many years  
21 utilized corporate contributions to help needy families with their energy bills. The  
22 Company also provides all of the needed administrative support for Dollar-Help to assure  
23 that all funds donated are used exclusively to assist needy, low-income households. In

1        addition, the Company has retained the services of an outside public relations firm to  
2        coordinate fund raising efforts. The Company's proposal in this case is just one of  
3        Laclede's efforts, including national and local efforts, to obtain and provide funding and  
4        other forms of energy assistance for many of the St. Louis areas' poorest and most  
5        vulnerable households.

6        Q.     How much money has Dollar-Help raised?

7        A.     Prior to the bill check-off program in December 1999, Dollar-Help raised about \$550,000  
8        per year from all sources. After the implementation of the bill check-off, and support  
9        from our partners such as KMOX and the Rams, public contributions are currently being  
10       received at an annualized rate of \$720,000 and increasing. In total, Dollar-Help has  
11       raised over \$9 million and assisted over 34,000 needy families since its inception.

12      Q.     What is the significance of the assistance provided by Dollar-Help?

13      A.     The \$9 million raised by Dollar-Help since its inception is almost two times the amount  
14       of money expended by the State for all of Missouri over the same period for energy  
15       assistance.

16      Q.     Does Dollar-Help only provide energy assistance to low-income customers receiving  
17       natural gas service?

18      A.     No. Dollar-Help is designed to assist qualified, needy, low-income households in the  
19       Laclede service territory regardless of the type of fuel used for home heating. Recipients'  
20       fuel supplies funded by Dollar-Help include electricity, propane, wood, and oil as well as  
21       natural gas. The decision as to who receives Dollar-Help assistance is determined  
22       independently and objectively by local social service agencies.

**IMPACT OF THE COMPANY'S GSIP SHARING PROPOSAL**

Q. How would implementation of the Company's GSIP proposal help to address the shortfall between the need for low-income energy assistance and the funding that is available for that purpose?

A. While it is unrealistic to expect that the GSIP sharing proposal can make up the entirety of this shortfall, Commission approval of the proposal will lessen the burden on those customers who may not be able to bridge the affordability gap even though they receive assistance from other programs, e.g. Utilicare, LIHEAP.

Q. If the Company's proposal had been in place during the 1999-2000 winter, what impact would it have had?

A. Schedule 3 to Mr. Jaskowiak's testimony shows that if the Company's sharing proposal had been in place during 1999/2000, Dollar-Help funding would have increased by \$1,027,528.

Q. What would this level of funding mean for the future, assuming it could be achieved?

A. Assuming the \$1,027,528 in additional funding, and that the average grant and other contributions remained at the FY 2000 level, the GSIP sharing proposal would allow Dollar-Help to more than double the number of households that are currently receiving assistance from that organization.

Q. Which social service agencies' clients would benefit from the Company's GSIP sharing proposal?

A. Currently, the Human Development Corporation, Eastern Missouri Action Agency, STEP Inc., Loving Hearts Outreach, Catholic Community Services, Northeast Community Action Corporation and South Central Missouri Action Agency are allocated Dollar-Help



1 funds to provide assistance. With the GSIP sharing proposal in place, additional  
2 community action organizations could be recruited to provide assistance. The  
3 demographics of the typical recipient would also be expanded. For example, currently  
4 there are no community action organizations, associated with Dollar-Help, that deal  
5 exclusively with the elderly, disabled, or chronically ill. With a wider variety of  
6 organizations serving different segments of the public, it is the Company's hope that its  
7 GSIP sharing proposal would enable Dollar-Help to reach a more substantial proportion  
8 of the estimated 96,640 LIHEAP population in the Laclede service area.

9 Q. Isn't this proposal a form of revenue shifting that will work to the detriment of other  
10 customers?

11 A. No. These contributions come from the Company's earnings under the GSIP -- earnings  
12 which the Company will only receive if its efforts are benefiting all customers.  
13 Additionally, there are numerous studies that demonstrate the other societal costs  
14 incurred when household energy is not affordable and inadequate assistance funding  
15 exists. Therefore, efforts to assist poor households benefit all of Laclede's ratepayers.

16 Q. Does this conclude your testimony?

17 A. Yes, it does.