

Exhibit No.:
Issues: Low-Income Weatherization
Witness: Henry E. Warren
Sponsoring Party: MO PSC Staff
Type of Exhibit: Rebuttal Testimony
File No.: ER-2012-0175
Date Testimony Prepared: September 12, 2012

Filed
December 11, 2012
Data Center
Missouri Public
Service Commission

MISSOURI PUBLIC SERVICE COMMISSION

REGULATORY REVIEW DIVISION

REBUTTAL TESTIMONY

OF

HENRY E. WARREN

KCP&L GREATER MISSOURI OPERATIONS COMPANY

CASE NO. ER-2012-0175

*Jefferson City, Missouri
September 2012*

**** Denotes Highly Confidential Information ****

NP

Staff Exhibit No. 288-NP
Date 10/17/12 Reporter MM
File No. ER-2012-0175

Staff Exhibit - 288

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CASE NO. ER-2012-0175

Q. Please state your name and business address.

A. My name is Henry E. Warren and my business address is Missouri Public Service Commission, P. O. Box 360, Jefferson City, Missouri, 65102.

Q. Are you the same Henry E. Warren that contributed to the *Staff Report, Revenue Requirement Cost of Service*, filed in this case on August 9, 2012?

A. I am.

1. EXECUTIVE SUMMARY

Q. What is the purpose of your Rebuttal Testimony?

A. My Rebuttal Testimony will address: 1) the issue in the Direct Testimony of The Missouri Department of Natural Resources -- Division of Energy (MDNR) witness, Dr. Adam Bickford, *KCP&L Weatherization Program Design and Operation* and 2) the issue in the Direct Testimony (Direct Testimony) of City of Kansas City, Missouri, witness Douglas L. Bossert, *Low Income Weatherization*. I will also address the low income weatherization program in the GMO Missouri Energy Efficiency Investment Act (MEEIA), Case No. EO-2012-0009, filed December 22, 2011.

2. STAFF RECOMMENDATION

Q. Has Staff changed its recommendation regarding low-income weatherization?

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1 A. Yes, it has. The following recommendation modifies the Staff
2 recommendation included in my testimony in the *Staff Report, Revenue Requirement Cost of*
3 *Service*, (“Staff Report”) filed August 9, 2012. In the Staff Report, I assumed that GMO had
4 included an amount of \$150,000 in GMO’s revenue requirement. Staff auditors have verified
5 that GMO has not included the amount of \$150,000 in revenues used to calculate rates
6 subsequent to the previous rate case (Case No. ER-2010-0355). Therefore, the unfunded
7 amounts in Schedules HEW-1 and HEW-3 in the Staff Report and duplicated as schedules to
8 this testimony as Schedules HEW-R1 and HEW-R3 do not represent funds accruing to GMO,
9 and there is no monetary carryover. Therefore Staff recommends that the Commission Order:

- 10 1) If a MEEIA low-income weatherization program is approved by the
11 Commission in Case No. EO-2012-0009 for GMO, then the MEEIA program
12 will replace the low income weatherization program recommended herein.
13 Otherwise, GMO include \$150,000 annually in revenues and rates for low-
14 income weatherization. Any of the \$150,000 funds (plus any interest or return
15 earned thereon) which is not provided to the Weatherization Agencies in a year
16 should be available in subsequent years.
- 17 2) GMO consult the KCP&L DSM Advisory Group (DSMAG) on the allocation
18 and distribution of low-income weatherization funds;
- 19 3) GMO provide quarterly reports to the DSMAG on the allocation and
20 distribution of funds to the KCPL Weatherization Agencies¹; and
- 21 4) If a MEEIA low-income weatherization program is approved by the
22 Commission in Case No. EO-2012-0009 for GMO, then the MEEIA program
23 tariff sheets will replace the low income weatherization program Tariff Sheet

¹ These may be submitted in EFIS as a non-case related submission

1 Nos. R-62.03, R-62.04, R-62.04.1, and R-62.04.2. If a MEEIA low-income
2 weatherization program is not approved by the Commission, the Commission
3 should order GMO to file revised Tariff Sheet Nos. R-62.03, R-62.04, R-
4 62.04.1, and R-62.04.2. that comply with the Commission's order in this case.

5 **3. RESPONSE TO DIRECT TESTIMONY OF DR. ADAM BICKFORD ON GMO**
6 **WEATHERIZATION PROGRAM DESIGN AND OPERATION.**

7 Q. To what portion of the Direct Testimony submitted by MDNR witness,
8 Dr. Adam Bickford regarding *KCPL Weatherization Program Design and Operation* do you
9 wish to address?

10 A. Beginning on page 15, line 23, of his Direct Testimony, Dr. Bickford states
11 that *MDNR requests Commission action on three points*

- 12 1. *that the Commission order GMO to adopt tariff language similar to that of*
13 *MGE and Empire, language that specifies both the total funds available for*
14 *the weatherization program, and specifies an allocation methodology;*
- 15 2. *that the Commission consider ordering GMO to increase its collections for*
16 *its weatherization program and provide revenue requirement treatment for*
17 *these additional weatherization funds; and*
- 18 3. *that the Commission continue to monitor the collections, expenditures and*
19 *production of GMO's weatherization program.*

20 Staff agrees with the recommendation that a new tariff needs to be filed. GMO never
21 filed a tariff in compliance with the Commission Order in the previous rate case. However,
22 regarding the issue of funding, Staff notes that this issue is being addressed in the GMO
23 MEEIA filing in Case No. EO-2012-0009. The Commission has not yet approved the GMO

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1 MEEIA filing, but if a MEEIA low-income weatherization program is approved, Staff would
2 recognize the MEEIA program as the GMO low income weatherization program and that
3 program would supplant the current GMO low income weatherization program. My primary
4 concern at this time is the need for a revised implementation plan so the funding will actually
5 be provided to the weatherization agencies.

6 If a MEEIA low income weatherization program is not approved by the Commission,
7 Staff recommends that GMO fund the low income weatherization program annually at the
8 level provided in the Commission Order in GMO's last rate case, \$150,000. Fully funding
9 and allocating this amount would significantly increase the amount available for low income
10 weatherization. Also, any of the \$150,000 funds not provided to the Weatherization Agencies
11 in a year should be available in subsequent years.

12 Q. To what other portion of the Direct Testimony submitted by MDNR witness
13 Dr. Bickford regarding the KCPL allocation method of low income weatherization funds does
14 Staff wish to address?

15 A. Beginning on page 8, line 21, of his Direct Testimony, Dr. Bickford states,
16 *"The current design does not communicate key information, the total funds collected and the*
17 *funds allocated to each agency, which agencies could use to effectively manage their program*
18 *operations."* Staff agrees with this observation. GMO did not file revised *9.11 Low Income*
19 *Weatherization* tariff sheets subsequent to the last rate case to establish procedures for the
20 operation of the low income weatherization consistent with the provisions of the
21 Commission's order in KCPL's last rate case, Case No. ER-2010-0355 (Commission Order).

1 **4. RESPONSE TO DIRECT TESTIMONY OF DOUGLAS L. BOS SERT, CITY**
2 **OF KANSAS CITY, MISSOURI, ON LOW INCOME WEATHERIZATION**

3 Q. To which portion of the Direct Testimony submitted by City of Kansas City,
4 Missouri (KCMO) Witness, Douglas L. Bossert regarding Low Income Weatherization do
5 you wish to address?

6 A. Beginning on Page 4, Line 5, of his Direct Testimony, Mr. Bossert states, "*At*
7 *this time I recommend that GMO's allocation for the City LIWAP be increased to*
8 *** _____ ** or the amount collected from utility company rate payers for energy efficiency*
9 *programs if that is applicable here.*" The Commission Order, states that "*The Commission*
10 *determines that KCP&L and GMO shall: continue their respective low-income weatherization*
11 *programs at their current levels of funding*" (p. 182, first full paragraph). Earlier in the
12 Commission Order, the Commission notes, on p. 179, that "*Staff recommended that KCP&L*
13 *and GMO be required to continue to provide annual funding for low income weatherization*
14 *programs in the amounts of \$573,888 and \$150,000, respectively.*" (emphasis added)

15 Q. What portion of the \$150,000 was allocated to KCMO under the GMO low
16 income weatherization budget that was the basis for the \$150,000?

17 A. In the KCP&L GMO budget, *** _____ *** of the \$150,000 was allocated to
18 KCMO for low-income weatherization (MDNR_20120627 DR Question No. 1-2e). In the
19 Staff Report, *Revenue Requirement Cost of Service*, Staff recommended that GMO continue
20 to fund low income weatherization at \$150,000 annually (Schedule HEW-R1) and that the
21 DSMAG be consulted by KCPL in determining the allocation of funds to the weatherization
22 agencies. The amounts in the Schedule HEW-R1 for 2011 and Schedule HEW-R3 for 2012
23 reflect amounts for low income weatherization provided by GMO in DR responses to Staff

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1 and MDNR. If the Commission approves a MEEIA low income weatherization program, this
2 will supplant the low income program in this rate case.

3 Q. Does this conclude your Rebuttal Testimony?

4 A. Yes, it does.

Schedule HEW R1

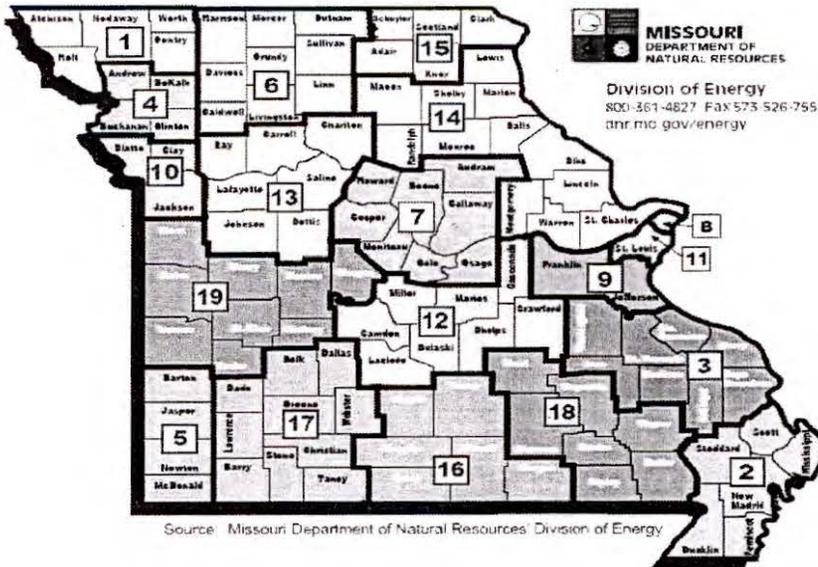
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**KANSAS CITY POWER & LIGHT - GMO
CASE NO. ER-2012-0175**

**MDNR Subgrantees (Weatherization Agencies)
for Low Income Weatherization**



- 1 Community Services, Inc. of Northwest Missouri, Maryville (CSI)
 - 2 Delta Area Economic Opportunity Corporation, Portageville (DAEOC)
 - 3 East Missouri Action Agency, Park Hills (EMAA)
 - 4 Community Action Partnership of Greater St. Joseph (CAPSTJO)
 - 5 Economic Security Corporation of the Southwest Area, Joplin (ESC)
 - 6 Green Hills Community Action Agency, Trenton (GHCAA)
 - 7 Central Missouri Community Action, Columbia (CMCA)
 - 8 Urban League of Metro. St. Louis (ULMSL)
 - 9 Jefferson-Franklin Community Action Corporation, Hillsboro (JFCAC)
 - 10 Kansas City Housing and Community Development Department, (KCHCDD)
 - 11 Community Action Agency of St. Louis County, Overland (CAASTLC)
 - 12 Missouri Ozarks Community Action, Inc., Richland (MOCA)
 - 13 Missouri Valley Community Action Agency (MVCAA)
 - 14 North East Community Action Corporation, Bowling Green (NECAC)
 - 15 Northeast Missouri Community Action Agency, Kirksville (NMCAA)
 - 16 Ozark Action, Inc., West Plains (OAI)
 - 17 Ozarks Area Community Action Corp., Springfield (OACAC)
 - 18 South Central Missouri Community Action Agency, Winona (SCMCAA)
 - 19 West Central Missouri Community Action Agency, Appleton City (WCMCAA)
- INDEPENDENCE
O'FALLON
ST. CHARLES
Helping Ministry Neighborhood Development Corporation, Hayti (HMNDK)
Mid-America Regional Council, Kansas City (MARC)

Elegible for KCPL Low Income Weatherization Funds

Schedule HEW R3

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