

Exhibit No.: \_\_\_\_\_  
Issue: Energy Efficiency, Low-Income Weatherization, Tariff Issues  
Witness: Martha R. Wankum  
Exhibit Type: Surrebuttal  
Sponsoring Party: Summit Natural Gas of Missouri, Inc.  
Case No.: GR-2014-0086  
Date: August 8, 2014

**MISSOURI PUBLIC SERVICE COMMISSION**

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

**SURREBUTTAL TESTIMONY**

**OF**

**MARTHA R. WANKUM**

**ON BEHALF OF**

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

**Jefferson City, Missouri**

**August, 2014**

Summit Exhibit No. 20  
Date 8-19-14 Reporter KF  
File No. GR-2014-0086

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

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**SURREBUTTAL TESTIMONY**

**MARTHA R. WANKUM**

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

1 Q. **PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.**

2 A. Martha R. Wankum, 312 E. Capitol Avenue, Jefferson City, MO 65101

3 Q. **HAVE YOU PREVIOUSLY SUBMITTED TESTIMONY AND SCHEDULES IN**  
4 **THIS CASE?**

5 A. Yes. I submitted direct testimony on January 2, 2014, and rebuttal testimony on  
6 July 11, 2014, on behalf of Summit Natural Gas of Missouri, Inc. ("SNG").

7 Q. **WHAT IS THE PURPOSE OF YOUR SURREBUTTAL TESTIMONY?**

8 A. The purpose of my surrebuttal testimony is to respond to the following rebuttal  
9 testimony pertaining to ratepayer funded energy efficiency and low-income  
10 weatherization programs: Kory Boustead, Missouri Public Service Commission  
11 Staff ("Staff"); John Buchanan, the Missouri Department of Economic  
12 Development, Division of Energy ("DE"); Joe Gassner, DE; and Geoff Marke, the  
13 Office of the Public Counsel ("OPC"). In addition, I respond to the following  
14 rebuttal testimony pertaining to the proposal to consolidate the current SNG tariff  
15 books and other tariff issues: Kim Cox, Staff; Michael J. Ensrud, Staff; and  
16 Barbara Meisenheimer, OPC.

17 **ENERGY EFFICIENCY AND LOW-INCOME WEATHERIZATION ASSISTANCE**

PROGRAMS

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**Q. PLEASE SUMMARIZE THE POSITIONS TAKEN BY THE VARIOUS PARTIES IN THIS CASE PERTAINING TOSNG’S PROPOSED RESIDENTIAL NATURAL GAS ENERGY EFFICIENCY INCENTIVE PROGRAM AND OTHER RECOMMENDATIONS REGARDING THE IMPLEMENTATION OF A LOW-INCOME WEATHERIZATION ASSISTANCE PROGRAM.**

A. Staff witness, Ms. Kory Boustead, does not recommend approval of the energy efficiency program proposed by SNG because she asserts it should have a higher annual budget than the proposed \$15,000. Staff would like the Commission to authorize a natural gas energy efficiency program and a low-income weatherization assistance program with a ramp-up period of three (3) years to reach a goal of 0.5 percent of annual revenues. Ms. Boustead proposes that energy efficiency and low-income weatherization assistance initiatives should be funded through a regulatory asset account.

DE witness, John Buchanan, agrees that to realistically achieve the recommended .5 percent spending target, SNG would need some period of time in which to “ramp up” its energy efficiency portfolio and expertise. DE recommends the Commission authorize the use of a regulatory asset account to record and subsequently recover energy efficiency costs. DE witness, Joe Gassner, also recommends an initial annual funding level of \$30,000 to support a low-income weatherization assistance program. It is the recommendation of DE that costs for a SNG low-income weatherization program should be included in rates, as

1 authorized by the Commission in prior natural gas rate cases.  
2 OPC witness, Geoff Marke, recommends that the Commission reject SNG's filed  
3 energy efficiency program and instead direct the entirety of SNG's proposed  
4 energy efficiency expenditures towards supporting low-income weatherization. Mr.  
5 Marke also recommends that the Commission not authorize DE or Staff's  
6 proposed annual target level of 0.5 percent of SNG's annual gross revenues to  
7 implement energy efficiency programs, and Mr. Marke suggests that an SNG  
8 ratepayer funded energy efficiency program should be co-delivered with one or  
9 more other electric utilities in order for it to be of sufficient scale that it would be  
10 cost-effective. Mr. Marke also lists what he believes are deficiencies in the energy  
11 efficiency program proposed by SNG, which will be addressed later in my  
12 testimony.

13 Q. PLEASE RESPOND TO THE RECOMMENDATION BY OPC THAT ENERGY  
14 EFFICIENCY PROGRAMS SHOULD BE CO-DELIVERED WITH ONE OR MORE  
15 ELECTRIC UTILITIES TO BE COST-EFFECTIVE.

16 A. SNG contracted with Apex Analytics to perform a cost-effectiveness analysis of  
17 the proposed energy efficiency measures as required by Commission Rule 4 CSR  
18 240-3.225(2)(B)3. These analyses were included as Schedule MRW-6 and  
19 Schedule MRW-7 of my direct testimony and show that the proposed measures  
20 are cost-effective. Both proposed measures passed benefit cost tests with a score  
21 greater than 1, including both the Total Resource Cost Test ("TRC") and the Utility  
22 Cost Test ("UCT"), as shown in Table 3 of my direct testimony.

1 The SNG service territory only partially overlaps with small portions of other  
2 regulated electric companies, including The Empire District Electric Company and  
3 KCP&L Greater Missouri Operations. However, SNG would be willing to  
4 investigate the co-delivery of energy efficiency programs in the context of an  
5 Energy Efficiency Advisory Collaborative as proposed by Staff and DE.

6 **Q. DOES THE COMPANY BELIEVE THE RECOMMENDED FUNDING LEVELS BY**  
7 **STAFF, DE AND OPC ARE APPROPRIATE?**

8 A. As stated in my rebuttal testimony, the Company does not currently have any  
9 energy efficiency programs in place and does not employ personnel with the  
10 expertise to immediately begin to administer robust energy efficiency and low-  
11 income weatherization programs. Therefore, the Company is agreeable to a more  
12 incremental approach in the “ramp up” and implementation of programs, such as  
13 that proposed by Staff and DE, but has no knowledge to support whether reaching  
14 an annual target of 0.5 percent of annual revenues is realistically achievable.  
15 Additionally, an appropriate form of rate recovery must be approved, which I  
16 describe in further detail below.

17 **Q. IS THE COMPANY IN AGREEMENT WITH THE DE FUNDING PROPOSAL FOR**  
18 **A LOW-INCOME WEATHERIZATION ASSISTANCE PROGRAM?**

19 A. Yes, the Company is agreeable to an annual funding level of \$30,000 to support a  
20 low-income weatherization assistance program, assuming an appropriate form of  
21 rate recovery is approved, which I describe further detail below.

22 **Q. IS THE COMPANY IN AGREEMENT WITH THE STAFF AND DE PROPOSALS**

1           **FOR RATE RECOVERY?**

2    A.    No. As stated in my rebuttal testimony, although the Company proposed the  
3           establishment of a regulatory asset account in its direct testimony, this proposal  
4           was tied to the Company's proposed energy efficiency funding level. In the event  
5           a higher annual funding target is established for energy efficiency and low-income  
6           weatherization programs, a more appropriate funding mechanism, such as a  
7           tracker, must be established. The absence of such a funding mechanism would  
8           require the Company to make large monetary investments towards these  
9           programs with no opportunity for recovery until a subsequent rate case.

10   **Q.    PLEASE RESPOND TO THE QUESTIONS SET FORTH IN THE REBUTTAL**  
11           **TESTIMONY OF OPC WITNESS, MR. MARKE, REGARDING THE PROPOSED**  
12           **RESIDENTIAL NATURAL GAS ENERGY EFFICIENCY INCENTIVE PROGRAM.**

13    A.    Mr. Marke asked the following questions: Who would administer the proposed  
14           energy efficiency program? How much of the proposed \$15,000 annual budget  
15           would pay for program administration costs? How much for program evaluation,  
16           marketing and tracking? How much of the ratepayer dollars would actually be  
17           allocated for rebates?

18           As set forth in the proposed energy efficiency tariff filing (Sheet No. 89, P.S.C. MO  
19           No. 3), the Company will administer the program. The Company also appreciates  
20           the opportunity to clarify any budget related questions. It was the intent that the  
21           annual budget cap of \$15,000 would all be allocated for rebates, with program  
22           administration, evaluation and marketing costs tracked separately. However, in

1 the event the proposed budget is revised to include a "ramp up" to .5 percent of  
2 annual revenues, as proposed by Staff and DE, the total budget should include  
3 costs associated with program administration, evaluation and marketing costs.

4 Q. PLEASE RESPOND TO THE OPC CONCERN REREGARDING COMPETITION  
5 AND SNG'S PROPOSED RESIDENTIAL ENERGY EFFICIENCY INCENTIVE  
6 PROGRAM.

7 A. OPC witness, Mr. Marke, states that a strong case could be made that a  
8 Commission approved energy efficiency program would be giving SNG an unfair  
9 advantage in the marketplace, in that SNG could offer programs to customers that  
10 propane competitors cannot.

11 SNG does not agree with Mr. Marke's contention. Although SNG is subject to the  
12 Commission's rules regarding promotional practices and may only provide such  
13 services and charge such rates as are lawfully approved by the Commission, SNG  
14 is not aware of any similar limitations on the propane industry.

15 **CONSOLIDATION OF TARIFF BOOKS**

16 Q. PLEASE DESCRIBE THE RECOMMENDATIONS BY STAFF AND OPC  
17 REGARDING THE MISCELLANEOUS CHARGES IN THE PROPOSED  
18 CONSOLIDATION OF THE CURRENT SNG TARIFF BOOKS.

19 A. Staff witness, Ms. Cox, recommends either the miscellaneous tariff charges  
20 remain separate for the two service areas, or the lowest miscellaneous rates from  
21 SNG's two tariffs is used.

22 OPC witness, Ms. Meisenheimer, recommends that where the SMNG and MGU



1 tariffs currently reflect different fees for a like service, Public Counsel suggests that  
 2 the Commission should allow a consolidated rate set, at most, the lower of the two  
 3 fees. OPC also recommends that if particular terms and conditions differ between  
 4 the tariffs, the Commission should allow consolidation only if the more lenient term  
 5 or condition is adopted.

6 **Q. DOES THE COMPANY AGREE WITH THE STAFF AND OPC**  
 7 **RECOMMENDATIONS REGARDING THE MISCELLANEOUS TARIFF**  
 8 **CHARGES?**

9 A. Yes. The table below lists revisions to the miscellaneous tariff charges included  
 10 in the proposed consolidated tariff book (P.S.C. MO No. 3) consistent with SNG's  
 11 understanding of the recommendations by Staff and OPC.

12

13 Table 1: Proposed Revisions to Miscellaneous Tariff Charges

<b>Summit Proposed Revisions to Consolidated Tariff (P.S.C. MO No. 3)</b>		
<b>Description</b>	<b>Amount</b>	<b>Sheet No.</b>
Reconnection Charge- Residential	\$30	59
Reconnection Charge- Commercial or Industrial	The greater of \$30 or actual charges for labor and materials.	60
Reconnection Charge- Residential, Commercial or Industrial. Whose service pipe was disconnected and/or whose meter was removed by reason of fraudulent use or tampering.	The greater of (a) The applicable reconnection charge for the customer class or (b) A charge that is equal to the actual labor and material costs that are incurred in the reinstallation of the meter or service pipe.	60
Disconnect Charge- Residential	\$30	60
Disconnect Charge- Commercial or Industrial	The greater of \$30 or actual charges for labor and materials	60

Special Meter Reading Charge	\$20	60
Collection Trip Charge	\$30	60
Non-Sufficient Funds Check Charge	\$10	60

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**OTHER TARIFF ISSUES**

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**Q. ARE ANY OTHER TARIFF RELATED CONCERNS MENTIONED BY THE PARTIES IN THIS CASE?**

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**A.** Yes. OPC witness, Ms. Meisenheimer, has concerns related to the proposed SNG conversion program and commodity flex provisions contained in the proposed consolidated tariff book. Staff witness, Mr. Ensrud, also provides an example of where he believes the existing tariff book from the former SMNG service territory (P.S.C. MO No. 2) has been misinterpreted.

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**Q. PLEASE DESCRIBE THE CONCERNS OF MS. MEISENHEIMER RELATED TO THE PROPOSED REVISIONS TO THE SNG CONVERSION PROGRAM TARIFF SHEETS.**

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**A.** Ms. Meisenheimer states that she has concerns with SNG's proposal to implement a free conversion program and that it has not labeled the program as a promotional practice.

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OPC has misunderstood the Company's proposal. As explained in my direct testimony, the Company has proposed revisions (Sheet Nos. 82-85 P.S.C. MO No. 3) to the tariff sheets that currently provide for a free conversion program (Sheet Nos. 78-83, P.S.C. MO No. 1). SNG would like to offer the service to new

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1 customers, but for a charge. SNG proposes to include the same labor charges as  
2 are currently contained in the conversion program tariff (Sheet No. 82, P.S.C. MO  
3 No. 1) in the proposed consolidated tariff book (Sheet No. 84, P.S.C. MO No. 3)  
4 and bill the actual cost of pipe and fittings to customers. The labor charges  
5 currently included in the conversion program tariff are a technician-only hourly  
6 labor charge of \$30 and a technical and truck hourly labor charge of \$40 (Sheet  
7 No. 82, P.S.C. MO No. 1).

8 Q. IS THE PROPOSED CONVERSION PROGRAM A PROHIBITED  
9 PROMOTIONAL PRACTICE AS DEFINED BY COMMISSION RULE 4 CSR 240-  
10 14.010(6)(L)?

11 A. No. SNG is proposing to offer conversion services to new customers for a charge;  
12 therefore, it is not offering applicants a form of consideration for new service and  
13 would not be considered a prohibited promotional practice.

14 Q. DOES OPC EXPRESS CONCERNS REGARDING MODIFICATIONS TO THE  
15 TARIFFED COMMODITY CHARGE FLEX PROVISIONS?

16 A. Yes. However, SNG believes OPC witness, Ms. Meisenheimer, may again  
17 misunderstand the intent of these proposed revisions. Both SNG tariff books  
18 (P.S.C. MO No. 1 and P.S.C. MO No. 2) currently include commodity charge flex  
19 provisions that allow the Company to flex between two different commodity rates  
20 for contract commercial service customers as well as large general service, large  
21 volume service and transport customers. The revisions only correct language  
22 inconsistencies across tariffs and customer classes, where needed, and the

1 Company does not believe that the revisions result in a substantive change to  
2 current practices.

3 Q. PLEASE DISCUSS THE SCENARIO IN WHICH STAFF WITNESS, MR.  
4 ENSRUD, BELIEVES THE EXISTING TARIFF BOOK FROM THE FORMER  
5 SMNG SERVICE TERRITORY (P.S.C. MO NO. 2) HAS BEEN  
6 MISINTERPRETED.

7 A. Staff witness, Mr. Ensrud, asserts in his rebuttal testimony that the Company has  
8 misapplied its rates for the collection trip charge and delinquent bill fee listed in the  
9 tariff book for the former SMNG service territory (P.S.C. Mo No. 2). To my  
10 knowledge, this the first time the proposed misapplication has been brought to the  
11 Company's attention. However, should approval be granted to consolidate the two  
12 existing SNG tariff books, this language and any future ambiguity will cease to  
13 exist.

14 **CONCLUSIONS AND SUMMARY**

15 Q. PLEASE SUMMARIZE THE CONCLUSIONS TO YOUR SURREBUTTAL  
16 TESTIMONY.

17 A. In summary, the recommendations in my surrebuttal testimony are the following:  
18 (1) Approval of the Residential Natural Gas Energy Efficiency Incentive Program  
19 proposed by SNG;  
20 (2) In the event a higher funding level is approved for energy efficiency programs  
21 or a low-income weatherization assistance program is ordered, an alternative  
22 funding mechanism such as a tracker should be established; and,

1 (3) Approval of a consolidated SNG tariff book (P.S.C. MO No. 3), which also  
2 includes the lowest miscellaneous rates from SNG's two tariffs, continuation of  
3 commodity flex provisions and the ability to offer conversion services to new  
4 customers for a charge.

5 Q. DOES THIS CONCLUDE YOUR SURREBUTTAL TESTIMONY?

6 A. Yes.

**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                             )        Case No. GR-2014-0086

**AFFIDAVIT OF MARTHA R. WANKUM**

**STATE OF MISSOURI**                     )  
  ) ss  
**COUNTY OF COLE**                     )

Martha R. Wankum, being first duly sworn on her oath, states:

1. My name is Martha R. Wankum. I work in Jefferson City, Missouri and I am employed by Summit Utilities, Inc. as the Missouri Regulatory Affairs Manager.
  
2. Attached hereto and made a part of hereof for all purposes is my Surrebuttal Testimony on behalf of Summit Natural Gas of Missouri, Inc. consisting of 11 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.

*Martha R. Wankum*  
Martha R. Wankum

Subscribed and sworn to before me this 6<sup>th</sup> day of August, 2014.

*Sarah B. Fontaine*  
Notary Public

My commission expires: March 23, 2018



SARAH B. FONTAINE  
My Commission Expires  
March 23, 2018  
Callaway County  
Commission #14596390