

Exhibit No.: 31
Issue: Energy Efficiency Programs
Witness: Nathaniel W. Hackney
Type of Exhibit: Rebuttal Testimony
Sponsoring Party: The Empire District
Electric Company
Case No.: ER-2019-0374
Date Testimony Prepared: March 2020

**Before the Public Service Commission
of the State of Missouri**

Rebuttal Testimony

of

Nathaniel W. Hackney

on behalf of

**The Empire District Electric Company
a Liberty Utilities Company**

March 2020



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OF
NATHANIEL W. HACKNEY
THE EMPIRE DISTRICT ELECTRIC COMPANY
BEFORE THE
MISSOURI PUBLIC SERVICE COMMISSION
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MISSOURI PUBLIC SERVICE COMMISSION
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1 **I. INTRODUCTION**

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

3 A. My name is Nathaniel W. Hackney, and my business address is 602 S. Joplin Avenue, Joplin,
4 Missouri, 64801.

5 **Q. BY WHOM ARE YOU EMPLOYED AND IN WHAT CAPACITY?**

6 A. I am currently employed by Liberty Utilities Service Corp. as a Senior Reporting and
7 Systems Analyst for Liberty Utilities' Central Region, which includes The Empire District
8 Electric Company ("Liberty-Empire" or "Company").

9 **Q. ARE YOU THE SAME NATHANIEL W. HACKNEY THAT EARLIER PREPARED**
10 **AND FILED DIRECT TESTIMONY IN THIS RATE CASE BEFORE THE**
11 **MISSOURI PUBLIC SERVICE COMMISSION ("COMMISSION") ON BEHALF**
12 **OF LIBERTY-EMPIRE?**

13 A. Yes.

14 **Q. WHAT IS THE PURPOSE OF YOUR REBUTTAL TESTIMONY?**

15 A. In this rebuttal testimony, I will address the recommendations of Commission Staff ("Staff")
16 witness Kory Boustead¹ regarding current low-income programs for Liberty-Empire. I will

¹ MPSC Case No. ER-2019-0374, Staff Report – Cost of Service, pages 82-85, *Item 17 – Weatherization Program* and *Item 18 – Low Income Pilot Program*. Filed January 15, 2020.

1 also address the positions of National Housing Trust (“NHT”) witness Annika Brindel, née
2 Brink², referred to as Annika Brindel in this testimony.

3 **II. LOW-INCOME WEATHERIZATION**

4 **Q. PLEASE BRIEFLY DESCRIBE THE ADMINISTRATION OF THE**
5 **WEATHERIZATION PROGRAM?**

6 A. The Weatherization Program, also known as Low-Income Weatherization Program or Low-
7 Income Weatherization Assistance Program (“LIWAP”), has been administered by Liberty-
8 Empire since the resolution of MPSC Case No. ER-2004-0570. Pursuant to a Stipulation and
9 Agreement filed and approved in Case No. EM-2016-0213, Company partnered with the
10 Missouri Division of Energy (“DE”) to administer this program, beginning in November
11 2017.

12 **Q. WHAT DOES STAFF WITNESS BOUSTEAD SAY ABOUT THE**
13 **WEATHERIZATION PROGRAM?**

14 A. Witness Boustead summarizes the performance of the program since Liberty-Empire ceded
15 administrative control of the program to DE. Witness Boustead presents the performance of
16 the program in 2018, and recommends that the program continue as it is currently
17 administered. Ms. Boustead also recommends “the Commission order the Company to
18 update the weatherization program tariff so it reflects the current program structure with
19 program administration³.”

² MPSC Case No. ER-2019-0374, *Direct Testimony of Annika Brink on Behalf of National Housing Trust*, Filed January 15, 2020.

³ MPSC Case No. ER-2019-0374, Staff Report – Cost of Service, page 84, lines 12-14, Filed January 15, 2020.

1 **Q. DOES LIBERTY-EMPIRE AGREE WITH STAFF'S RECOMMENDATION**
2 **REGARDING CONTINUATION OF THE PROGRAM AS IT IS CURRENTLY**
3 **ADMINISTERED?**

4 A. Yes. Liberty-Empire intends to continue this program, as it is well-received and extremely
5 beneficial to its low-income customers, with DE administering the program.

6 **Q. IS LIBERTY-EMPIRE OPEN TO STAFF'S RECOMMENDATION THAT TARIFF**
7 **LANGUAGE BE CLARIFIED?**

8 A. Although Liberty-Empire is unsure of the specific language Staff would like to have
9 modified in the Low-income Weatherization tariff, Liberty-Empire is generally open to
10 recommendations to improve the language within our tariffs.

11 **III. LOW-INCOME PILOT PROGRAM**

12 **Q. WHAT IS STAFF WITNESS BOUSTEAD'S RECOMMENDATION REGARDING**
13 **CONTINUATION OF LIBERTY-EMPIRE'S LOW-INCOME PILOT PROGRAM**
14 **("LIPP")?**

15 A. Ms. Boustead recommends that the Commission order the continuation of LIPP.

16 **Q. DOES LIBERTY-EMPIRE AGREE WITH STAFF'S RECOMMENDATION?**

17 A. Yes. As proposed in my direct testimony filed in this proceeding, Liberty-Empire
18 recommends the continuation of this program. It is well-received and extremely beneficial to
19 our low-income customers.

20 **Q. WHAT ARE MS. BOUSTEAD'S RECOMMENDATIONS REGARDING FUNDING**
21 **OF THE LIPP?**

1 A. Ms. Boustead recommends that the Commission order the continuation of LIPP at the current
2 funding level until the next general rate case. Ms. Boustead also recommends that the
3 spending cap of \$250,000 be removed and Liberty-Empire be authorized to “use a regulatory
4 asset or regulatory liability account to track incurred program expenses above or below the
5 \$250,000 program total as it is currently structured⁴.”

6 **Q. DOES LIBERTY-EMPIRE AGREE WITH THESE RECOMMENDATIONS?**

7 A. Yes. The program has met its stated goals of reducing disconnections and uncollectible/bad
8 debts amounts. In addition, implementation of Staff’s recommendations would allow the
9 program to continue without interruption.

10 **IV. INCOME-ELIGIBLE MULTI-FAMILY DIRECT INSTALL PROGRAM**

11 **Q. PLEASE SUMMARIZE YOUR UNDERSTANDING OF THE CENTRAL**
12 **ARGUMENTS OF NHT WITNESS ANNIKA BRINDEL’S TESTIMONY?**

13 A. Ms. Brindel applauds Liberty-Empire’s efforts to market energy efficiency to low-income
14 customers—particularly through its Income-Eligible Multi-Family Direct Install program—
15 as well as its ongoing participation in statewide dialogues and meetings regarding how
16 utilities can better serve this market sector. However, based upon several national studies,
17 including the 2015 Energy Efficiency For All potential study, Ms. Brindel posits that
18 Liberty-Empire could substantially increase its investment in this program.

19 **Q. HOW MUCH DOES MS. BRINDEL SUGGEST LIBERTY-EMPIRE INCREASE**
20 **THE BUDGET FOR THIS PROGRAM?**

⁴ MPSC Case No. ER-2019-0374, Staff Report – Cost of Service, page 85, lines 20-22, filed January 15, 2020.

1 A. Ms. Brindel believes Liberty-Empire’s service territory could support increasing the budget
2 for this program to between \$345,000 to \$880,000 annually. This represents an increase of
3 345% to 800% annually. Ms. Brindel proposes Liberty-Empire, “ramp up gradually to reach
4 a spending level of around \$350,000 in 2023. For example, the Company might budget
5 \$160,000 in 2021 and \$240,000 in 2022 as its ramp-up⁵.”

6 **Q. DOES MS. BRINDEL ADDRESS HER PROPOSAL’S RELATIONSHIP TO**
7 **LIBERTY-EMPIRE’S EXPRESSED PLAN TO FILE A PORTFOLIO UNDER THE**
8 **MISSOURI ENERGY EFFICIENCY INVESTMENT ACT (“MEEIA”)⁶?**

9 A. Yes. Ms. Brindel writes, “Traditionally, Empire District has included energy efficiency
10 offerings in its rate cases. While the Company has stated its intention to ‘file a MEEIA
11 portfolio and request for a DSIM before the completion of this pending rate case,’ this
12 portfolio has not yet been filed and the approval of income-eligible energy efficiency
13 offerings in this case is not guaranteed. Given this uncertainty, the 2013 and 2015
14 withdrawals by Empire District of proposed MEEIA portfolios, and the importance of bill
15 affordability and energy efficiency for low-income homes, NHT considers it essential for
16 robust income-eligible energy efficiency offerings to be considered in this rate case⁷.”

17 **Q. DOES LIBERTY-EMPIRE AGREE, FIRST, WITH MS. BRINDEL’S**
18 **RECOMMENDATION THAT LIBERTY-EMPIRE’S CUSTOMERS WOULD BE**
19 **WELL-SERVED BY EXPANSION OF THE INCOME-ELIGIBLE MULTI-FAMILY**
20 **DIRECT INSTALL PROGRAM?**

⁵ MPSC Case No. ER-2019-0374, *Direct Testimony of Annika Brink on Behalf of National Housing Trust*, page 10, lines 1-2, Filed January 15, 2020.

⁶ MPSC Case No. ER-2019-0374, *Direct Testimony of Nathaniel W. Hackney*, Filed August 14, 2019.

⁷ MPSC Case No. ER-2019-0374, *Direct Testimony of Annika Brink on Behalf of National Housing Trust*, pages 4-5, filed January 15, 2020.

1 A. In principle, yes. Liberty-Empire is keenly aware of the needs of our low-income customers
2 and is continually reviewing options to bolster the Company’s offerings to its low-income
3 customers. However, Liberty-Empire believes that a more robust analysis should be
4 conducted to ensure that the correct low-income programs, correct budget levels, and correct
5 participation targets be chosen to optimize the effectiveness of these offerings. This is why
6 Liberty-Empire has proposed that changes to the program be conducted in the context of a
7 MEEIA filing, which would allow for overhaul of not just one program, but Liberty-
8 Empire’s entire portfolio.

9 **Q. DOES LIBERTY-EMPIRE AGREE, SECOND, WITH MS. BRINDEL’S POSITION**
10 **THAT THE SUCCESS OF A MEEIA FILING IS “NOT GUARANTEED”?**

11 A. Yes. The success of a MEEIA filing is subject to numerous factors, including regulatory
12 review and Commission approval.

13 **Q. DOES LIBERTY-EMPIRE AGREE, THIRD, WITH MS. BRINDEL’S**
14 **IMPLICATION THAT THE UNCERTAINTY IS COMPOUNDED BY**
15 **WITHDRAWALS OF LIBERTY-EMPIRE’S 2013 AND 2015 MEEIA FILINGS?**

16 A. No. Many factors contributed to Liberty-Empire’s decision—each supported by consensus
17 or near-consensus of interveners in each case—to withdraw those filings. Also, Liberty-
18 Empire believes its 2017 acquisition by Algonquin Power and Utilities Corporation has
19 positioned Liberty-Empire well to successfully implement its first cycle of MEEIA.

20 **Q. PLEASE EXPLAIN LIBERTY-EMPIRE’S CONCERNS REGARDING MODIFYING**
21 **PROGRAMS IN THIS CASE.**

22 A. Liberty-Empire would prefer to keep the programs as they currently are until they can be
23 superseded and replaced by a MEEIA portfolio. Offering new or expanded programs in the

1 interim could lead to confusion in the marketplace and amongst trade allies. Not changing the
2 programs in this rate case would allow for a smoother transition in terms of marketing and
3 awareness of these programs to customers, as well as allow the Company to choose optimal
4 low-income programs with optimal scopes to maximize the benefit to all customers,
5 particularly low-income customers.

6 **Q. BESIDES INCREASING THE BUDGET, DOES MS. BRINDEL PROPOSE ANY**
7 **ADDITIONAL MODIFICATIONS TO THE INCOME-ELIGIBLE MULTI-FAMILY**
8 **DIRECT INSTALL?**

9 A. Yes, Ms. Brindel proposes the following recommendations⁸ in her direct testimony.

- 10 1. Commit to a whole-building savings approach by eliminating the requirement that
11 Income-Eligible Multi-Family program participants be “residential retail electric
12 customers.
- 13 2. Expand eligibility for the Income-Eligible Multi-Family program beyond
14 “federally-subsidized low-income residential structure[s] of four or more separate
15 housing units.”
- 16 3. Expand list of rebated measures to include specific measures with proven results in
17 low-income multifamily buildings.
- 18 4. Increase prescriptive and custom incentive levels for income-eligible multifamily
19 properties in order to drive demand, encourage early replacement of inefficient
20 equipment, and achieve deeper energy savings.

21 **Q. PLEASE RESPOND TO RECOMMENDATION NUMBER 1.**

⁸ MPSC Case No. ER-2019-0374, *Direct Testimony of Annika Brink on Behalf of National Housing Trust*, pages 13-16, filed January 15, 2020.

1 A. Ms. Brindel recommends that the program allow for measures to be conducted in common
2 areas, generally billed as commercial customers, by allowing participation of these customer
3 classes in the Income-Eligible Multi-Family Direct Install program. Liberty-Empire feels that
4 this need is already met by the Commercial and Industrial facilities rebate program. If a new
5 program could be designed that would do this more comprehensively, due to the complexities
6 of designing a new program, Liberty-Empire believes that a MEEIA portfolio would be a
7 more appropriate setting.

8 **Q. PLEASE RESPOND TO RECOMMENDATION NUMBER 2.**

9 A. Ms. Brindel recommends that the program allow for the eligibility of customers who live in
10 residences that are not federally subsidized by Housing and Urban Development (“HUD”) or
11 United States Department of Agriculture (“USDA”), but buildings whose residents live
12 below 200 percent of the Federal Poverty Level or 80 percent of Area Median Income.
13 Liberty-Empire currently offers this to customers through the Multi-Family Direct Install,
14 which is effectively the same as the Low-Income Multi-Family Direct Install, with the
15 income restrictions removed. This program also has a budget of \$100,000, and has
16 historically been offered to buildings which are still deemed as “affordable”, but are not
17 federally subsidized.

18 **Q. PLEASE RESPOND TO RECOMMENDATION NUMBER 3.**

19 A. Ms. Brindel recommends that the program systematically refer building owners to other
20 programs from which they might benefit, such as the High-efficiency HVAC Rebate program
21 and the Commercial and Industrial Custom Rebate. Each Direct Install kit is stuffed with
22 brochures for each of these programs, but Liberty-Empire is open to NHT’s suggestions on
23 how the Company might better make building owners aware of opportunities. These changes

1 could be made without a tariff change. Ms. Brindel also recommends Liberty-Empire expand
2 the Direct-Install items that are currently offered. Liberty-Empire is open to discussing such
3 program modifications through the stakeholder advisory process, as these would also not
4 require a tariff change. These types of program delivery suggestions will also be welcome in
5 stakeholder discussions accompanying the development of Liberty-Empire's MEEIA
6 portfolio.

7 **Q. PLEASE RESPOND TO RECOMMENDATION NUMBER 4.**

8 A. Ms. Brindel recommends increasing incentive levels when the work is conducted in an
9 income-eligible multi-family building. This would represent a significant change in the
10 current energy efficiency portfolio offerings of Liberty-Empire. This would also greatly
11 complicate the programs for which a modification is made. Liberty-Empire is open to making
12 these types of changes, in concept, but believes the most appropriate setting for significant
13 portfolio modifications would be in the context of a MEEIA portfolio.

14 **Q. WILL NHT AND MS. BRINDEL BE INCLUDED IN DISCUSSIONS REGARDING**
15 **PROGRAM DESIGN THAT OCCUR PRIOR TO LIBERTY-EMPIRE'S MEEIA**
16 **FILING?**

17 A. Absolutely. All members of Liberty-Empire's Demand-side Management Stakeholder
18 Advisory Group ("DSMAG") will be invited to these discussions.

19 **Q. WOULD LIBERTY-EMPIRE WELCOME THE INPUT OF NHT AND MS.**
20 **BRINDELL AS PARTIES TO A MEEIA CASE?**

21 A. Yes.

1 V. **CONCLUSION**

2 Q. **WHY DOES LIBERTY-EMPIRE BELIEVE THAT SIGNIFICANT**
3 **MODIFICATIONS TO PROGRAM OFFERINGS WOULD BE MOST**
4 **APPROPRIATE IN THE CONTEXT OF A MEEIA FILING?**

5 A. A successful MEEIA filing and the subsequent portfolio implementation would represent the
6 most significant turning point in Liberty-Empire's energy efficiency offerings, since it began
7 offering programs in 2005. This type of change would naturally be accompanied by the
8 requisite level of communication and marketing. Liberty-Empire does not believe that it
9 would be an appropriate use of program budgets to market and communicate significant
10 changes in energy efficiency offerings, when Liberty-Empire firmly believes those would
11 only serve on an interim basis until a MEEIA portfolio is implemented. Further, efforts to
12 make customers aware of offerings that would be replaced in a short time by MEEIA has
13 potential to confuse customers and potentially inhibit the successful implementation of a
14 subsequent MEEIA portfolio.

15 Q. **DOES LIBERTY-EMPIRE INTEND TO INCLUDE LOW-INCOME PROGRAMS IN**
16 **ITS MEEIA PORTFOLIO?**

17 A. Yes, Liberty-Empire expects that low-income programs will be featured in a proposed
18 MEEIA portfolio. Liberty-Empire believes it is quite possible a MEEIA portfolio will feature
19 new or expanded programs.

20 Q. **DOES LIBERTY-EMPIRE INTEND TO CONTINUE TO OFFER ITS CURRENT**
21 **LOW-INCOME PROGRAMS DURING AND AFTER THE CONCLUSION OF THIS**
22 **RATE CASE?**

1 A. Yes, as previously described in this rebuttal testimony, the Company agrees with a proposal
2 from stakeholders to continue the Low-Income Weatherization program as it is currently
3 offered, continue and remove limitations of the Low-Income Pilot Program, and continue the
4 Income-Eligible Direct Install as it is currently offered, while analyzing new opportunities to
5 serve low-income customers through a MEEIA portfolio.


6 **Q. DOES THIS CONCLUDE YOUR REBUTTAL TESTIMONY?**

7 A. Yes.

AFFIDAVIT OF NATHANIEL W. HACKNEY

STATE OF MISSOURI)
) ss
COUNTY OF JASPER)

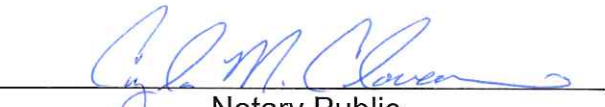
On the 2nd day of March, 2020, before me appeared Nathaniel W. Hackney, to me personally known, who, being by me first duly sworn, states that he is the Senior Reporting and Systems Analyst of The Empire District Electric Company – Liberty Utilities Central and acknowledges that he has read the above and foregoing document and believes that the statements therein are true and correct to the best of his information, knowledge and belief.



Nathaniel W. Hackney

Subscribed and sworn to before me this 2nd day of March, 2020.

ANGELA M. CLOVEN
Notary Public - Notary Seal
State of Missouri
Commissioned for Jasper County
My Commission Expires: November 06, 2023
Commission Number: 15262659



Notary Public

My commission expires: 11/06/23 .