

AARP's Hot Weather Safety Program

Proposed Compromise Pilot Program

The following information is supplied in response to inquiries from the bench and parties during cross-examination of John Howat on Monday, December 1, 2008 regarding requested modifications to its proposed pilot program.

AARP proposes that a 2-year pilot program be implemented. Under the pilot program, 2,400 customers who receive benefits under the Low Income Home Energy Assistance Program ("LIHEAP") would be identified by LIHEAP intake agencies to participate in a Hot Weather Safety Program Pilot. Customers participating in the pilot program would be surveyed to gain a better understanding of their use of air conditioning during hot weather periods.

In Missouri, LIHEAP income-eligibility is set at 125% of the federal poverty guidelines. As a compromise, AARP recommends that its earlier pilot program proposal be modified to match this limit for eligibility. See Ex. 852 for an estimate of the total number of households with the Company's service territory with the householder aged 65 or older, and with income below 125% of the federal poverty guidelines.

Some or all participants in the pilot program would receive, in addition to outreach and education services, a credit on their July and August bills of \$23.50. (Please see Direct Testimony of John Howat for methodology behind calculation of the proposed monthly credit amount.) If all 2,400 customers receive bill credits, the total annual cost of the credits would be about \$113,000. The cost of the credits would be less if some of the 2,400 participants were assigned a control group that received no bill credits. In addition to the cost of the credits, AARP has recommended that ten percent of the cost of the credits (\$11,300) be added to the cost of the hot weather safety program for administrative purposes to intake and implementation costs incurred by the Company and community-based intake organizations, bringing the total pilot program cost for bill credits and program administration to a total annual cost of approximately \$125,000.

AARP recommends that pilot program participants participate in a survey to provide a better understanding of air conditioning usage in the low-income elderly community, the extent to which concerns over the cost of operating air conditioning equipment factors into usage decisions, and the extent to which provision of a limited bill credit, as proposed by AARP in this proceeding, serves to mitigate any such concerns over

operating costs. AARP further recommends that interested parties and stakeholders collaborate on design of a survey instrument and on development of survey administration details. Any costs associated with development of a survey instrument, conducting the survey, tabulating results and developing a report would be in addition to direct program costs as described above.

Further, such a collaborative group should be charged with identifying the cities and towns within the Company's service territory that would provide the participant base, and with developing intake procedures and protocols. It may prove instructive to study both an urban and a rural area within Company's service territory in order to measure the effectiveness of this program.

In light of questions raised in this proceeding regarding effectiveness of a limited bill credit to provide low-income seniors with an incentive to operate room air-conditioning units during summer heat waves, AARP proposes that as a condition of participation in the program, customers sign a statement certifying an understanding of the program purposes, and expressing intent to apply bill credit funds toward operating cost of room air conditioning units upon receiving notification from the Company or its representative that a hot weather event is expected.