

Exhibit No.:  
Issues: Low Income Weatherization  
Witness: Kory Boustead  
Sponsoring Party: MO PSC Staff  
Type of Exhibit: Surrebuttal Testimony  
Case No.: GR-2014-0086  
Date Testimony Prepared: August 8, 2014

**MISSOURI PUBLIC SERVICE COMMISSION**

**REGULATORY REVIEW DIVISION**  
Tariff, Safety, Economic & Engineering Analysis

**SURREBUTTAL TESTIMONY**

**OF**

**KORY BOUSTEAD**

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

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

*Jefferson City, Missouri*  
*August 2014*

Staff Exhibit No. 123  
Date 8-19-14 Reporter KF  
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1 **SURREBUTTAL TESTIMONY**

2 **OF**

3 **KORY BOUSTEAD**

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

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

6 Q. Are you the same Kory Boustead who filed in Staff's Cost-of-Service report?

7 A. Yes I am.

8 **EXECUTIVE SUMMARY**

9 Q. What is the purpose of your surrebuttal testimony?

10 A. My Surrebuttal Testimony will address three issues: 1) The proposal of a  
11 tracker instead of a regulatory asset account as an alternative funding mechanism for the  
12 energy efficiency and Low-Income Weatherization Assistance Programs contained in the  
13 Rebuttal Testimony of witness Martha Wankum, Summit Natural Gas Company; 2) The issue  
14 of energy efficiency and Low-Income Weatherization Assistance Programs funding contained  
15 in the Rebuttal Testimony of witness John Buchanan, Department of Economic Development,  
16 Division of Energy; 3) The issue of changing the allocation of funds from the program  
17 proposed by Summit Natural Gas of Missouri ("SNG" or "Company") for energy efficiency  
18 to Low Income Weatherization Assistance Program contained in the Rebuttal Testimony of  
19 witness Geoff Marke, Office of the Public Counsel.

20 **RATE RECOVERY FOR PROPOSED ENERGY EFFICIENCY INCENTIVE**  
21 **PROGRAM AND LOW-INCOME WEATHERIZATION PROGRAM**

22 Q. What type of rate recovery does the Company propose for the energy  
23 efficiency and Low-Income Weatherization Assistance Programs?

Surrebuttal Testimony of  
Kory Boustead

1           A.     In the direct testimony of witness Martha Wankum, the Company proposed  
2 the establishment of a regulatory asset account that would be tied to the Company's proposed  
3 funding level of \$15,000 as an annual cap for an energy efficiency incentive program. In Ms.  
4 Wankum's rebuttal testimony she states "in the event a higher annual funding target is  
5 established for energy efficiency and Low-Income Weatherization Assistance Programs, an  
6 alternative funding mechanism, such as a tracker, should be established."<sup>1</sup>

7           Q.     Is Staff in agreement with the Company suggested funding method of using a  
8 tracker?

9           A.     While Staff would not oppose the use of a tracker if the Commission  
10 establishes an annual funding target that is greater than \$15,000, Staff recommends that the  
11 Commission approve the setup of a regulatory asset account if the funding levels will be set at  
12 an annual funding target that is less than \$15,000.

13 **FUNDING METHOD FOR SNG ENERGY EFFICIENCY AND LOW-INCOME**  
14 **WEATHERIZATION PROGRAMS**

15           Q.     Do you agree with the DE's recommendation that costs for a SNG low-income  
16 weatherization program should be included in the 0.5 percent of targeted annual operating  
17 revenues?

18           A.     No. While Staff agrees funding should be based on annual revenues, we do not  
19 agree with John Buchanan's rebuttal testimony that "costs for a SNG low-income  
20 weatherization program should be included in rates, as authorized by the Commission in prior  
21 natural gas rate cases."<sup>2</sup> At this time Staff does not have enough data to determine whether

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<sup>1</sup> Rebuttal Testimony of Martha R. Wankum, p. 4 lns 16-18.

<sup>2</sup> Rebuttal Testimony of John Buchanan, Department of Economic Development, Division of Energy, page 6, lines 1-2.

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Kory Boustead

1 these programs are effective, and therefore Staff cannot justify increasing costs to customers  
2 by including these programs in rates.

3 **OPC'S SUPPORT OF MOVING THE \$15,000 IN ENERGY EFFICIENCY FUNDS**  
4 **SNG PROPOSED TO A LOW-INCOME WEATHERIZATION PROGRAMS**  
5 **INSTEAD**

6 Q. Does Staff agree with Geoff Marke's testimony that "Public Counsel would be in  
7 favor of redirecting the funds (\$15,000) that SNG had proposed to allocate towards EE to low-  
8 income weatherization instead."?<sup>3</sup>

9 A. While Staff is in favor of SNG starting a Low-Income Weatherization Assistance  
10 Program, we are not in favor of doing so at the expense of an energy efficiency program. Staff  
11 recommends that the Commission authorize funding for both programs to be initiated.

12 **STAFF RECOMMENDATION**

13 Q. What is Staff's recommendation?

14 A. Staff has three recommendations on this issue:

15 1) Staff recommends the Commission authorize a regulatory asset account  
16 for the proposed energy efficiency and Low-Income Weatherization Assistance Programs instead  
17 of using the tracking funding mechanism proposed by SNG witness Martha Wankum.

18 2) Staff recommends the Commission approve the goal of 0.5 percent of annual  
19 revenues as the target level for both energy efficiency and Low Income Weatherization assistance  
20 programs combined.

21 3) Staff recommends the Commission authorize funding for an energy efficiency  
22 program as well as a Low-Income Weatherization Assistance Program.

23 Q. Does this conclude your surrebuttal testimony at this time?

24 A. Yes, it does.

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<sup>3</sup> Rebuttal Testimony of Geoff Marke, The Office of the Public Counsel, page 15, lines 9-10.