

Exhibit No.:

Issues: Low-Income Issues

Witness: Henry E. Warren

Sponsoring Party: MO PSC Staff

Type of Exhibit: Surrebuttal Testimony

Case No.: GR-2004-0209

Date Testimony Prepared: June 14, 2004

MISSOURI PUBLIC SERVICE COMMISSION

UTILITY OPERATIONS DIVISION

SURREBUTTAL TESTIMONY

OF

HENRY E. WARREN

MISSOURI GAS ENERGY

CASE NO. GR-2004-0209

FILED

JUL 13 2004

Missouri Public
Service Commission

Jefferson City, Missouri

June 2004

Exhibit No. 840
Case No(s). GR-2004-0209
Date 6-21-04 Rptr

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

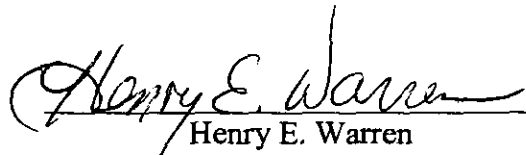
In the Matter of Missouri Gas Energy's)
Tariff Sheets Designed to Increase Rates)
for Gas Service in the Company's)
Missouri Service Area)

Case No. GR-2004-0209

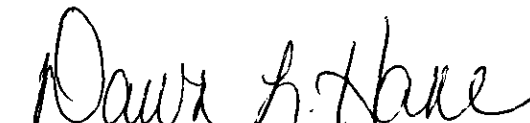
AFFIDAVIT OF HENRY E. WARREN

STATE OF MISSOURI)
) ss
COUNTY OF COLE)

Henry E. Warren, of lawful age, on his oath states: that he has participated in the preparation of the following Surrebuttal Testimony in question and answer form, consisting of 4 pages of Surrebuttal Testimony to be presented in the above case, that the answers in the following Surrebuttal Testimony were given by him; that he has knowledge of the matters set forth in such answers; and that such matters are true to the best of his knowledge and belief.


Henry E. Warren

Subscribed and sworn to before me this 9th day of June, 2004.


Notary Public

My commission expires _____
DAWN L. HAKE
Notary Public - State of Missouri
County of Cole
My Commission Expires Jan 9, 2005

- 1
- 2
- 3
- 4
- 5
- 6
- 7
- 8
- 9
- 10
- 11
- 12
- 13
- 14
- 15
- 16
- 17
- 18
- 19
- 20
- 21
- 22
- 23
- 24
- 25
- 26
- 27
- 28
- 29

- 1
- 2
- 3
- 4
- 5
- 6
- 7
- 8
- 9
- 10
- 11
- 12
- 13
- 14
- 15
- 16
- 17
- 18
- 19
- 20
- 21
- 22
- 23
- 24
- 25
- 26
- 27
- 28
- 29

- 1
- 2
- 3
- 4
- 5
- 6
- 7
- 8
- 9
- 10
- 11
- 12
- 13
- 14
- 15
- 16
- 17
- 18
- 19
- 20
- 21
- 22
- 23
- 24
- 25
- 26
- 27
- 28
- 29

- 1
- 2
- 3
- 4
- 5
- 6
- 7
- 8
- 9
- 10
- 11
- 12
- 13
- 14
- 15
- 16
- 17
- 18
- 19
- 20
- 21
- 22
- 23
- 24
- 25
- 26
- 27
- 28
- 29

- 1
- 2
- 3
- 4
- 5
- 6
- 7
- 8
- 9
- 10
- 11
- 12
- 13
- 14
- 15
- 16
- 17
- 18
- 19
- 20
- 21
- 22
- 23
- 24
- 25
- 26
- 27
- 28
- 29

- 1
- 2
- 3
- 4
- 5
- 6
- 7
- 8
- 9
- 10
- 11
- 12
- 13
- 14
- 15
- 16
- 17
- 18
- 19
- 20
- 21
- 22
- 23
- 24
- 25
- 26
- 27
- 28
- 29

- 1
- 2
- 3
- 4
- 5
- 6
- 7
- 8
- 9
- 10
- 11
- 12
- 13
- 14
- 15
- 16
- 17
- 18
- 19
- 20
- 21
- 22
- 23
- 24
- 25
- 26
- 27
- 28
- 29

- 1
- 2
- 3
- 4
- 5
- 6
- 7
- 8
- 9
- 10
- 11
- 12
- 13
- 14
- 15
- 16
- 17
- 18
- 19
- 20
- 21
- 22
- 23
- 24
- 25
- 26
- 27
- 28
- 29

- 1
- 2
- 3
- 4
- 5
- 6
- 7
- 8
- 9
- 10
- 11
- 12
- 13
- 14
- 15
- 16
- 17
- 18
- 19
- 20
- 21
- 22
- 23
- 24
- 25
- 26
- 27
- 28
- 29

- 1
- 2
- 3
- 4
- 5
- 6
- 7
- 8
- 9
- 10
- 11
- 12
- 13
- 14
- 15
- 16
- 17
- 18
- 19
- 20
- 21
- 22
- 23
- 24
- 25
- 26
- 27
- 28
- 29

- 1
- 2
- 3
- 4
- 5
- 6
- 7
- 8
- 9
- 10
- 11
- 12
- 13
- 14
- 15
- 16
- 17
- 18
- 19
- 20
- 21
- 22
- 23
- 24
- 25
- 26
- 27
- 28
- 29

- 1
- 2
- 3
- 4
- 5
- 6
- 7
- 8
- 9
- 10
- 11
- 12
- 13
- 14
- 15
- 16
- 17
- 18
- 19
- 20
- 21
- 22
- 23
- 24
- 25
- 26
- 27
- 28
- 29

- 1
- 2
- 3
- 4
- 5
- 6
- 7
- 8
- 9
- 10
- 11
- 12
- 13
- 14
- 15
- 16
- 17
- 18
- 19
- 20
- 21
- 22
- 23
- 24
- 25
- 26
- 27
- 28
- 29

Surrebuttal Testimony of
Henry Warren

1 decision on a PAYS[®] system should be subsequent to the result of the Commission's task
2 force report in Case No. GW-2004-0452.

3 Q. Has the PAYS[®] system previously been described in testimony by other
4 witnesses in this case?

5 A. Yes, it was discussed in direct testimony by Public Counsel witness,
6 Ms. Meisenheimer and in my rebuttal testimony.

7 Q. Do you agree with Mr. Noack's reservation that the proposed PAYS[®]
8 system would require substantial expense and administration by the Company?

9 A. No, PAYS America, has as one of their objectives to design a PAYS[®]
10 system for the benefit of the utility and its customers in the area served by a PAYS[®]
11 system. Although initially a pilot PAYS[®] system may be offered to a limited number of
12 customers, if the PAYS[®] system performs as expected, the PAYS[®] system could
13 eventually be available to customers in all classes. After initial start up costs, the PAYS[®]
14 system is intended to be self-supporting and should not require any company funds. The
15 PAYS[®] system should also benefit the Company by making utilities more affordable to
16 customers who currently have less efficient heating and cooling systems, and major
17 appliances by making it possible for customers to replace older, less efficient equipment
18 with energy efficient equipment and pay for the new equipment through savings in their
19 utility bills. Consequently, some of the expenses in establishing and operating a PAYS[®]
20 system would be covered by a revenue adder to the customer classes which would be
21 eligible for the PAYS[®] system. Staff anticipates that the PAYS[®] system will reduce a
22 participating customer's utility bills and subsequently reduce excessive bills, arrearages,
23 and the related billing, collection and disconnection expenses for the Company. The

Surrebuttal Testimony of
Henry Warren

1 Company will provide billing for the PAYS[®] system, but not necessarily the financing or
2 administration.

3 Q. Do you agree with Mr. Noack's reservation that the proposed PAYS[®]
4 system should be contingent on the recommendation of the Commission's task force?

5 A. No, the Commission Order (Order Establishing Case and Creating Task
6 Force, March 3, 2004) in Case No. GW-2004-0452 (Task Force) establishes a Task Force
7 that has as one of its objectives to explore measures and programs that could have a long-
8 term impact on the affordability of heat related bills, such as energy efficiency appliances
9 and weatherization in homes that are not energy efficient. The objective of the Task
10 Force is not to limit or suspend these types of programs, but is to further these types of
11 programs. Implementing a PAYS[®] program is consistent with the Company's
12 recommendation to expand low-income customer weatherization. Even though the
13 feasibility of the weatherization of low-income customer's homes is one objective of the
14 Task Force, the Company is not proposing to postpone weatherization and wait for the
15 Task Force recommendation, but MGE is instead proposing to increase the ratepayer
16 funded low-income weatherization program. Similarly, if a feasible PAYS[®] system can
17 be developed, its implementation should not be contingent upon the Task Force
18 recommendation, but rather a pilot PAYS[®] system would provide useful information for
19 the Task Force.

20 Q. Is there an additional reason why the consideration of a PAYS[®] system
21 should proceed in this case and not be contingent on the Task Force recommendation?

22 A. Yes. The focus of the Task Force is not the same as the focus of the
23 PAYS[®] system. The initial focus of the Task Force is to evaluate the Commission's Cold

Surrebuttal Testimony of
Henry Warren

1 Weather Rule (4 CSR 240-13.055). Utility customers affected by the Cold Weather Rule
2 are the residential class and are often are low income. A viable PAYS[®] system might
3 best serve the interests of the low income residential customer by being inclusive of all
4 customer classes and all income levels in the residential class. The PAYS[®] system is
5 designed to be market based, in that it makes energy efficiency economically attractive to
6 a wide spectrum of utility customers. The PAYS[®] system is also designed so that it will
7 attract external financing; that is, the funds for financing energy efficient equipment will
8 come from a financial institution rather than the utility or its customers. A larger pool of
9 participating customers will likely make a PAYS[®] system more attractive to the external
10 financial organizations. Thus, the scope of the Task Force and scope of the PAYS[®]
11 system may have some overlap but are not coincidental.

12 Q. Does this conclude your surrebuttal testimony?

13 A. Yes, it does.