

Exhibit No.:

Issue:

Customer Assistance &  
Community Improvement  
Efforts

Witness:

John Moten, Jr.

Type of Exhibit:

Direct Testimony

Sponsoring Party:

Laclede Gas Company

Case No.:

GR-2001-629

**FILED<sup>3</sup>**

MAY 18 2001

Missouri Public  
Service Commission

LACLEDE GAS COMPANY

GR-2001-629

DIRECT TESTIMONY

OF

JOHN MOTEN, JR.

1 DIRECT TESTIMONY OF JOHN MOTEN, JR.

2 Q. Please state your name and business address.

3 A. My name is John Moten, Jr., and my business address is 720 Olive Street, St. Louis,  
4 Missouri 63101.

5 Q. What is your present business position?

6 A. Vice President, Community Relations for Laclede Gas Company.

7 Q. How long have you held your position?

8 A. I was elected Vice President, Community Relations on February 27, 1994. Effective  
9 July 1, 2001, I will assume the position of Senior Vice President--Operations and  
10 Marketing.

11 Q. Would you briefly describe your duties as Vice President, Community Relations?

12 A. My duties include legislative efforts to obtain adequate funding, governmental and  
13 otherwise, for energy assistance for low-income households within the Laclede service  
14 territory and across the State. In addition, my duties include the design and  
15 implementation of certain customer assistance programs, such as:

- 16 • The Laclede Employee Volunteer Weatherization Program (WeatherWise) for elderly  
17 and handicapped low-income households.
- 18 • The Laclede EnergySmart Programs for low-income energy assistance recipient  
19 households who are without natural gas service at the start of winter (Customer  
20 Assistance Program); and informational workshops at social service agency sites  
21 (Customer Education Program).
- 22 • Administrative support for the Dollar-Help Program.
- 23 • Involvement in non-profit organizations established to help the community.

1           • And employee volunteer programs to assist customers and their families such as  
2           fundraising for Dollar-Help, Arts & Education Council and United Way.

3   Q.   What is your educational background?

4   A.   I received a Bachelor of Science Degree in Chemistry from Morehouse College in  
5           Atlanta, Georgia, in 1962.

6   Q.   Will you describe your work experience with Laclede?

7   A.   I joined Laclede in 1962 as an Assistant Chemist and was promoted to Chief Chemist in  
8           1967. I then became Laboratory Superintendent in 1972 and Director of Laboratory  
9           Services in 1973. In 1980 I was made Director of Conservation Services and then  
10          Director of Community Affairs/Conservation in 1986. As stated above, I became Vice  
11          President, Community Relations in 1994.

12   Q.   What is the purpose of your direct testimony?

13   A.   The purpose of my testimony is to inform the Commission of Laclede's efforts nationally  
14          and locally to obtain funding and other forms of energy assistance for many of the  
15          St. Louis areas' poorest and most vulnerable households, and the need for such activities  
16          and other related efforts to educate and assist our customers, particularly in the area of  
17          energy assistance. Also, my testimony is intended to describe some of Laclede's  
18          community involvement and efforts to improve the economic and social climate within  
19          the St. Louis region.

20   Q.   Please describe the need for legislative efforts related to low income energy assistance.

21   A.   The federal government has recognized that "Energy costs account for a sizable portion  
22          of living expenses for poor families. To help meet rising costs, the Low Income Home

1 Energy Assistance Program (LIHEAP) was established in 1980.”<sup>1</sup> The “portion of living  
2 expenses” cited above is generally referred to as “energy burden” i.e., the ratio of  
3 household energy costs to household income, or the percent of household income spent  
4 for home energy.

5 In a 1995 U. S. Department of Health and Human Services Report to Congress it  
6 was reported that the energy burden nationally for low-income households was 16%. The  
7 maximum affordable burden was considered to be 10%. The report listed the annual  
8 household energy cost (gas and electric) for low-income households to be \$1,294 per year  
9 for households with incomes of \$8,000 per year or less. The study assumes that even if  
10 the household pays 10% of its income for energy, or \$800 per year, the household would  
11 have an “affordability gap” of \$494 per year (\$1,294 - \$800). When we consider the  
12 average LIHEAP grant is about \$200, you can see that LIHEAP does not cover this gap  
13 but does provide a sorely needed supplement to help needy families. It is because of this  
14 historically persistent affordability gap that efforts such as support for Utilicare and  
15 Dollar-Help, which will be discussed later in my testimony, are so important. These  
16 efforts are needed even more when the impact of increased wholesale natural gas costs  
17 are considered.

18 Q. What is the average income and dollar energy burden for Missouri LIHEAP recipient  
19 households?

20 A. The average LIHEAP recipient household in FY 2000, the most recent year available,  
21 had an estimated average annual income of \$6,972 and household size of 2.6. Assuming  
22 an energy burden of 16%, these households spent on average \$1,115 on home energy. By

---

<sup>1</sup> U.S. Senate report 103-251 on S.2000, April 19, 1994.

1 comparison, a middle-income family earning \$40,000 annually would have to spend  
2 \$6,400 per year on home energy, if it had the same 16% energy burden as the average  
3 LIHEAP recipient. It should be noted that under LIHEAP eligibility guidelines in  
4 Missouri, a family of 3 is eligible for assistance with a household income of up to about  
5 \$14,000 annually.

6 Q. How many Laclede customers receive LIHEAP, and about how many are eligible to  
7 receive assistance?

8 A. In FY 2000, one of the warmest winters on record, 14,196 Laclede customers received  
9 LIHEAP. Of these, 2,552 households received additional assistance in the form of  
10 Dollar-Help, Dollar More, LIHEAP, etc. The amount of assistance received by Laclede's  
11 customers from LIHEAP, ECIP, Dollar Help and Dollar More totaled about \$3,957,296  
12 in FY 2000. It is estimated that about 15% of the households eligible for LIHEAP  
13 receive assistance. Therefore, the eligible LIHEAP population in the Laclede service area  
14 is estimated to be at least 96,640.

15 Q. What is the current status of federal government energy assistance funding?

16 A. LIHEAP was funded at \$1.86 billion for FY 2000 of which Missouri received an  
17 estimated \$44 million. This amount is higher than previous years in recognition of higher  
18 energy costs and cold December weather.

19 Q. What is the outlook for LIHEAP funding during the upcoming fiscal year?

20 A. Uncertain at best. In the FY 2001 federal budget, the actual appropriation was  
21 approximately \$2.1 billion, consisting of \$1.1 billion in regular funds and about 1 billion  
22 in three emergency appropriations. For the FY 2002 federal budget, the President  
23 requested \$1.4 million in regular funds and \$300 million in emergency funds.

1 Q. What has Laclede's role been with regard to support for LIHEAP funding?

2 A. Laclede has, for many years, assumed a significant leadership role in advocating LIHEAP  
3 funding at the federal level. I have personally worked for the last fourteen years with the  
4 National Fuel Funds Network (NFFN), the National Low Income Energy Consortium  
5 (NLIEC), the LIHEAP Coalition and National Consumer Law Center (NCLC) in support  
6 of LIHEAP funding. Additionally, I have worked with industry associations such as the  
7 American Gas Association and Associated Gas Distribution Companies (AGD) in  
8 support of LIHEAP. Laclede personnel, working with Sister Patricia Kelley, helped  
9 found NFFN, and have been a part of the organization for the last seventeen years,  
10 including various leadership roles. NFFN, with assistance from Laclede, has annually  
11 submitted oral and written testimony in support of LIHEAP funding before relevant  
12 Congressional committees for the last fifteen years.

13 Laclede has been widely recognized and praised for its efforts in support of  
14 LIHEAP as exemplified by the 1994 NFFN Sister Patricia Kelley Achievement Award  
15 and the Human Development Corporation's 1990 Humanitarian Award. In addition, I  
16 have personally made presentations on energy assistance issues and needs before almost  
17 all of the above organizations' national conferences, as well as testified before  
18 Congressional and Missouri House and Senate committees. In March 2000, I presented  
19 the American Gas Association's oral testimony in support of LIHEAP before the U. S.  
20 House Labor-HHS and Education Appropriation Subcommittee.

21 Q. Are there studies which demonstrate the value of energy assistance to society as a whole?

22 A. Yes, there are, in my opinion, several credible, relevant studies including the ones  
23 discussed below.

- 1       •     A 1991 Philadelphia study found that “utility terminations (due to unaffordability)  
2             are clearly a precipitating factor in housing abandonment.”<sup>2</sup>
- 3       •     A 1992 Boston City Hospital study which supports the “Eat or Heat” dilemma  
4             faced by low-income households. The number of clinically underweight children  
5             brought to the hospital’s emergency room increased by 30% in the period  
6             immediately following the coldest months of the year. Once chronic disease was  
7             ruled out, researchers theorized the weight loss must be due to the cold and the  
8             economic burden imposed by heating costs.<sup>3</sup>
- 9       •     A 1995 study, conducted in Missouri, found a relationship between household  
10            energy costs, family mobility and poor educational achievement by children in  
11            rural, low-income Missouri households.<sup>4</sup>
- 12      •     Roger Colton in a 1997 paper presented a list of “benefits of energy assistance to  
13            the community at large in addition to low-income households and the companies  
14            that supply those households with energy.” Colton concluded that “energy  
15            assistance does provide benefits to society as a whole.”<sup>5</sup>
- 16            All of these studies demonstrate that there are other societal costs incurred when  
17            household energy is not affordable and inadequate assistance funding exists. Therefore,  
18            efforts to assist poor households benefit all of Laclede’s ratepayers.
- 19   Q.     Please describe Laclede’s legislative efforts in support of energy assistance at the state  
20            level.

---

<sup>2</sup> An examination of the relationship between Utility Terminations, Housing Abandonments and Homelessness.

<sup>3</sup> Seasonal Change in Weight for Age in a Pediatric Emergency Room: A Heat or Eat Effect? Boston City Hospital Study of the Effects of Cold Weather and High Energy Costs on the Health of Low-Income Children, September, 1992.

<sup>4</sup> A Road Off Taken: Unaffordable Home Energy Bills, Forced Mobility and Childhood Education in Missouri by Roger Colton.

<sup>5</sup> Non-Energy Benefits From Low-Income Fuel Assistance, Roger Colton, 1997.

1 A. For more than thirteen years, the State of Missouri has relied almost exclusively on  
2 federal funds from LIHEAP to assist its low income citizens, including many elderly and  
3 disabled. However, core LIHEAP funding has been cut over the last ten years, primarily  
4 due to cuts in the federal budget. The Committee to Keep Missourians Warm, of which  
5 Laclede is an active founding member, along with the assistance of other parties, worked  
6 for the introduction of Senate Bill 263, Missouri's Utilicare bill. This bill was passed  
7 during the 1997 session of the General Assembly. This bill expands the eligibility for  
8 assistance to needy households which, although eligible for LIHEAP, would not  
9 otherwise receive assistance due to inadequate federal funding. Many members of the  
10 Committee to Keep Missourian's Warm and others have stated that Laclede's leadership  
11 efforts was a major factor in the passage of the Utilicare bill.

12 The current winter is an excellent example of the need for such funding efforts by  
13 the states. The dramatic increase in wholesale natural gas costs and extremely cold  
14 weather during November and December caused the states of Illinois and Colorado to  
15 provide emergency energy assistance. In Missouri, Laclede is actively involved with the  
16 Committee to Keep Missourians Warm in efforts to obtain Utilicare funding for FY 2001.  
17 In addition, local governments in Missouri, including the City of St. Louis, appropriated  
18 energy assistance funds for needy resident households.

19 Q. What role do you believe the Commission should play with regard to the Utilicare bill?

20 A. I believe the Commission has been and can continue to be very helpful by supporting  
21 legislation to fund Utilicare. There was an emergency appropriation of \$5 million for this  
22 past winter, FY 2001, in Utilicare Funds. However, the need remains great and support  
23 for an appropriation for FY 2002 will be sorely needed. Help from all interested parties



1 is vitally needed to make sure a funding bill is passed. The Commission can also be  
2 helpful by contacting Missouri's Congressional delegation to express support for  
3 increased federal LIHEAP funding. As stated above, efforts to get energy assistance for  
4 low-income households benefit all ratepayers.

5 Q. What non-government fundraising actions has the Company taken in light of the dramatic  
6 increases in wholesale prices?

7 A. The Company has, for the last several years, intensified its efforts to assist private energy  
8 assistance organizations in St. Louis, to solicit small contributions from the public, and  
9 raise contributions in cooperation with corporate partners through programs such as  
10 Dollar-Help, which Laclede helped co-found. These efforts have included: A new bill  
11 check-off option for donations for Dollar-Help which has increased donations over 40%  
12 since 1999 and the number of donors over 100%. Cooperative fundraising programs  
13 have also been initiated by Dollar Help such as:

- 14 • Public Service Announcements using members of the St. Louis Rams to  
15 encourage donations;
- 16 • Dollar-Help fundraising at Rams pre-game tailgate party;
- 17 • The "Just A Dollar Helps" fund-raiser initiated in 1997 in cooperation with  
18 WaterWays Car Wash;
- 19 • The production of a series of Public Service Announcements for broadcast on  
20 KMOX Radio;
- 21 • The establishment of religious fund-raisers in cooperation with major Protestant,  
22 Jewish and Catholic leaders at their churches and Synagogues.

1 It should be noted that the St. Louis Post Dispatch in a recent editorial expressed support  
2 for Dollar-Help and asked readers to participate in the bill check-off donation program.

3 The number and variety of funding partners cited above demonstrates, in my opinion, the  
4 community's recognition of the need for and value of Dollar-Help.

5 Q. Does the Company itself provide funding and administrative support for Dollar-Help?

6 A. Yes. The Company has for many years utilized corporate contributions to help needy  
7 families with their energy bills. The Company also provides all of the needed  
8 administrative support for Dollar-Help to assure that all funds donated are used  
9 exclusively to assist needy, low-income households. In addition, the Company has  
10 retained the services of an outside public relations firm to coordinate fund raising efforts.

11 Q. How much money has Dollar-Help raised?

12 A. Prior to the bill check-off program in December 1999, Dollar-Help raised about \$550,000  
13 per year from all sources. After the implementation of the bill check-off and support for  
14 our partners such as KMOX and the Rams, public contributions are currently being  
15 received at an annualized rate of \$720,000 and increasing. Since the Program's inception  
16 to date, Dollar-Help has raised over \$9 million. The Program will assist about 2,600  
17 families this year. Dollar-Help has assisted over 34,000 needy families since its  
18 inception.

19 Q. What is the significance of the Dollar-Help funds raised?

20 A. The \$9 million raised by Dollar-Help since its inception is almost two times the amount  
21 of money expended by the State for all of Missouri over the same period for energy  
22 assistance. For example, despite the earlier warm winters, the applicants for and  
23 recipients of Dollar-Help funds remained almost constant until this winter. This winter's

1 wholesale price increases and colder weather, resulted in 20% increase in recipients. As  
2 shown earlier, the need is far greater than those who receive assistance.

3 Q. Does Dollar-Help assist only Laclede Gas Company customers or natural gas users?

4 A. No. Dollar-Help is designed to assist qualified, needy, low-income households in the  
5 Laclede service territory regardless of the type of fuel used for home heating. Recipients  
6 fuel supplies funded by Dollar-Help include electricity, propane, wood, and oil as well as  
7 natural gas. The decision as to who receives Dollar-Help assistance is determined  
8 independently and objectively by local social service agencies.

9 Q. What other energy assistance programs has the Company initiated or participated in  
10 which assist low-income customers?

11 A. Laclede has voluntarily initiated several programs to assist low-income customers such as  
12 the EnergySmart Programs which include the Customer Assistance Program (CAP) and  
13 Customer Education Program (CEP), as well as the WeatherWise Program. Both  
14 programs, Energy Smart and WeatherWise, have won industry awards or recognition for  
15 their design and service delivery.

16 Q. Please briefly describe the EnergySmart Programs.

17 A. CAP was initiated in 1996 in an effort to identify particularly vulnerable customers who  
18 received energy assistance the previous year, but whose gas service was not active at the  
19 start of the Missouri Cold Weather Rule period. The purpose of this program is to be  
20 proactive in an attempt to avoid winter tragedies.

21 After the above households have been identified, Laclede's meter reading  
22 personnel, while on their regular routes, without inquiry, will make an assessment as to  
23 whether the households appear to be occupied. If it appears that the households are

1 occupied, Laclede's Community Services Department will coordinate efforts to get  
2 information about available energy assistance to the households and assist where feasible  
3 in facilitating the delivery of assistance through various private and public social service  
4 agencies. Additionally, customers receiving collection notices are also provided with  
5 information on how to obtain energy assistance.

6 With regard to customer education, Laclede's Community Services Manager, as  
7 well as other employees, conduct workshops at various social service agency sites for  
8 low-income customers. At these workshops, attendees are provided with information on  
9 how they can implement various low or no-cost weatherization energy conservation  
10 measures to reduce their energy usage. Workshop participants are also advised that they  
11 can contact the Company when they have problems paying their bills and are encouraged  
12 to do so.

13 Additionally, during the workshops, Laclede employees working with host social  
14 service agencies will attempt to obtain assistance for participants whenever possible or at  
15 least initiate the assistance process.

16 Q. Will you briefly describe the WeatherWise Program?

17 A. WeatherWise, initiated in 1996, is designed to provide weatherization assistance to  
18 needy, low-income elderly and handicapped households. Under the Program, Laclede  
19 purchases weatherization kits for the Program and provides the tools needed to install the  
20 weatherization measures. Laclede employees, family members and friends volunteer to  
21 weatherize the homes of recipient households on their own time, on Saturdays in  
22 October. This Program has received national awards and recognition as well as praise  
23 from citizens and the local media.

- 1 Q. What results have been obtained as a result of the EnergySmart and WeatherWise and  
2 Pilot Weatherization Programs?
- 3 A. For the 2000-01 winter to date, CAP assisted 3,247 households and obtained CEP funds  
4 totaling \$94,309.03. The customer education workshops beginning February, 1996 to  
5 date assisted 1,122 households and obtained assistance totaling \$476,917. As a result of  
6 the WeatherWise Program more than 500 households have been weatherized over the last  
7 five years. It should be noted that all of the above programs were conceived, developed  
8 and implemented voluntarily by Laclede. We are not aware of similar programs being  
9 implemented by any other natural gas utility in the State.
- 10 Q. Is Laclede involved with other organizations that assist low-income persons in the energy  
11 assistance and information area?
- 12 A. Laclede is a supporter of Energycare, a not-for-profit agency established by the late Sister  
13 Patricia Kelley to help low-income households locate needed assistance as well as  
14 provide energy education services.
- 15 Laclede is a member of Operation Weather Survival (OWS). OWS' membership  
16 consists of representatives of local government, utilities, not-for-profit agencies and  
17 others. OWS was formed to develop a comprehensive network of energy experts to  
18 disseminate vital information in weather emergencies to avoid tragedies. OWS was  
19 asked to assist the City of Chicago in developing a similar program in the aftermath of  
20 the 1995 heat disaster and related deaths. Laclede's Manager of Community Services  
21 chairs the OWS Cold Weather Committee.
- 22 Q. Does Laclede offer energy service programs that benefit its non-low-income customers?
- 23 A. Yes. The programs discussed below are available to all customers, regardless of income.

1           Since 1981 the Company has operated its Residential Insulation Financing  
2 Program. This Program provides low-interest loans to qualified customers to insulate  
3 their homes with payment terms of up to seven and one-half years. To date the Program  
4 has made 2,013 loans totaling over \$6.485 million.

5           In October, 1995, Laclede initiated the EnergyWise Dealer Program which  
6 provides financing, through authorized HVAC contractors, for the purchase and  
7 installation of energy-efficient natural gas heating and gas or electric cooling equipment  
8 and other natural gas appliances.

9 Q.   Are Laclede and its employees engaged in other activities designed to benefit the region?

10 A.   Laclede and its employees have a long history of both volunteer and funding support for  
11 area not-for-profit organizations established to benefit the community at large. Examples  
12 of such organizations include: United Way of Greater St. Louis, Arts & Education  
13 Council, March of Dimes, Boy Scouts, YMCA, Junior Achievement, various local  
14 college and university boards of trustees, Regional Commerce and Growth Association,  
15 Children's Hospital, United Cerebral Palsy and many more. Additionally, the boards I  
16 personally serve on include the following: The College Fund/UNCF, St. Louis 2004  
17 (Chair/Co-Chair Committee), St. Louis University, Salvation Army and Urban League.

18 Q.   Can you provide examples of how Laclede's involvement in the above organizations  
19 have benefited the community?

20 A.   Laclede's former Chairman and CEO served as Chairman of the St. Louis Area's 1997  
21 United Way Campaign. That Campaign raised over \$55 million to assist area agencies.  
22 Laclede's employees, Union and Management, in support of this Campaign, contributed a  
23 record \$290,000 to the Campaign which represented a 43% increase over the previous

1 year. In 2000, Laclede's employees contributed over \$49,170 to the Arts & Education  
2 Council. Additionally, Laclede, in Fiscal 2000 raised over \$305,000 in donations,  
3 excluding donations from the Laclede Charitable Trust. Of the \$354,170 in donations, at  
4 least 20-25 percent was spent on what we classify as human needs and services to  
5 organizations such as Arthritis Foundation, March of Dimes, etc. These efforts represent  
6 just three examples of Laclede's community leadership. Also, Laclede personnel have  
7 held leadership roles in most of the organizations listed previously.

8 Q. Do you have any summary comments on your testimony.

9 A. In my opinion, the above testimony clearly illustrates the Company's willingness to  
10 exercise leadership in the community for the benefit of all its customers. Many of the  
11 efforts were initiated by the Company because an important community need existed and  
12 lacked leadership. Throughout most of the 1990s great emphasis has been placed on the  
13 need for good corporate leadership and volunteerism. I feel this testimony reflects the  
14 Company's willingness to meet these challenges.

15 Q. Does this conclude your testimony?

16 A. Yes, it does.

FILED<sup>3</sup>

MAY 18 2001

BEFORE THE PUBLIC SERVICE COMMISSION

OF THE STATE OF MISSOURI

Missouri Public  
Service Commission

In the Matter of Laclede Gas Company's )  
Tariff to Revise Natural Gas Rate )  
Schedules. )

Case No. GR-2001-629

AFFIDAVIT

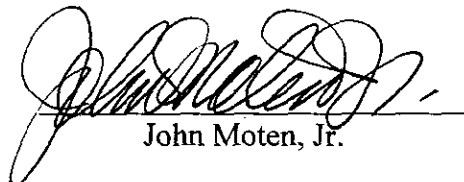
STATE OF MISSOURI )  
 ) SS.  
CITY OF ST. LOUIS )

John Moten, Jr., of lawful age, being first duly sworn, deposes and states:

1. My name is John Moten, Jr. My business address is 720 Olive Street, St. Louis, Missouri 63101; and I am Vice President – Community Relations for Laclede Gas Company.

2. Attached hereto and made part hereof for all purposes is my direct testimony, consisting of pages 1 to 14, inclusive.

3. I hereby swear and affirm that my answers contained in the attached testimony to the questions therein propounded are true and correct to the best of my knowledge and belief.

  
John Moten, Jr.

Subscribed and sworn to before me this 18<sup>th</sup> day of May, 2001.



SUSAN M. KOPP  
Notary Public — Notary Seal  
STATE OF MISSOURI  
St. Louis County  
My Commission Expires: Dec. 19, 2003