

**NEWMAN, COMLEY & RUTH**

PROFESSIONAL CORPORATION

ATTORNEYS AND COUNSELORS AT LAW

MONROE BLUFF EXECUTIVE CENTER

601 MONROE STREET, SUITE 301

P.O. BOX 537

JEFFERSON CITY, MISSOURI 65102-0537

www.ncrpc.com

ROBERT K. ANGSTEAD

ROBERT J. BRUNDAGE

MARK W. COMLEY

CATHLEEN A. MARTIN

STEPHEN G. NEWMAN

JOHN A. RUTH

TELEPHONE: (573) 634-2266

FACSIMILE: (573) 636-3306

August 2, 2004

The Honorable Dale Hardy Roberts  
Secretary/Chief Regulatory Law Judge  
Missouri Public Service Commission  
P.O. Box 360  
Jefferson City, MO 65102-0360

**FILED**

**AUG 02 2004**

**Missouri Public  
Service Commission**

Re: Case No. GR-2004-0209

Dear Judge Roberts:

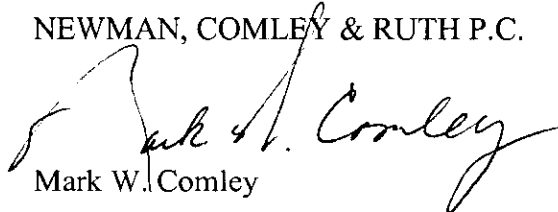
Please find enclosed for filing in the referenced matter an original and five copies of the Initial Brief of the City of Kansas City.

Would you please bring this filing to the attention of the appropriate Commission personnel.

Very truly yours,

NEWMAN, COMLEY & RUTH P.C.

By:

  
Mark W. Comley

MWC:ab

Enclosure

cc: Office of Public Counsel  
Robert V. Franson, General Counsel's Office  
James C. Swearingen  
Jeremiah Finnegan  
Stuart W. Conrad  
Craig Paulson  
Mark H. Ellinger  
William D. Geary

**BEFORE THE PUBLIC SERVICE COMMISSION  
OF THE STATE OF MISSOURI**

**FILED**

AUG 02 2004

**Missouri Public  
Service Commission**

In the Matter of Missouri Gas Energy's       )  
Tariffs to Implement a General Rate       )  
Increase for Natural Gas Service.       )

Case No. GR-2004-0209

**INITIAL BRIEF OF THE CITY OF KANSAS CITY**

The records of the Commission will verify that the City of Kansas City (City) has been party recently to several cases involving the rates to be charged and the practices followed by electric and gas companies operating in and around the metropolitan area.<sup>1</sup> The purpose for the City's appearance in those cases, as in this one, was and is to advance the low income weatherization program that the City administers in a unique civic partnership with public utilities, and departments and agencies of the state and federal governments. As the history of the footnoted cases will testify, the low income weatherization program administered by the City through its Department of Housing and Community Development has grown more popular with citizens, ratepayers and utilities. There is no secret why: the program is effective and efficient; it accomplishes its objectives with accountability; it can rightly boast of a stellar record of success; and, it still shines as a bright prospect for meaningfully assisting low income consumers in the management of their energy needs and their means of payment.

The City called Robert T. Jackson as its only witness. Mr. Jackson is the Weatherization Program Administrator within the City's Department of Housing and Community Development

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<sup>1</sup>*In the Matter of Aquila, Inc., d/b/a Aquila Networks L&P and Aquila Networks MPS Application to Implement a General Rate Increase in Electricity, Case No. ER-2004-0034; In the Matter of Aquila, Inc., d/b/a Aquila Networks – MPS and Aquila Networks – L&P, Natural Gas General Rate Increase Case No. GR-2004-0072;*

Home Weatherization Program. He has been employed by the City in the Weatherization Program for 23 years, 19 of which he has served as its chief. (Ex. 300, Jackson Direct, p. 1).

Of interest to this case is that Mr. Jackson made the initial request for City/Western Resources (predecessor to MGE) participation in an experimental energy conservation program to benefit residential customers. That experimental program became the weatherization program now funded by MGE. Mr. Jackson has been involved with the MGE Weatherization Program since its inception. (Ex. 300, Jackson Direct, p. 1).

As Mr. Jackson reported in his testimony, there is no question at this time that the MGE weatherization program is a complete success. In terms of the raw numbers, Mr. Jackson noted that since 1994, over 800 homes located throughout Clay, Jackson and Platte counties have been weatherized. This level of participation has been reached without adding to MGE's administrative burdens. MGE's administrative support of the program is minimal since the City itself has assumed the bulk of the duties necessary to administer the program. (Ex. 300, Jackson Direct, p. 2)

The reach of the program has not gone unnoticed by neutral evaluators. As he has done several times, Mr. Jackson reminded the Commission of the findings of TecMRKT Works. Its findings were published in a report entitled *Process and Impact Evaluation of Missouri Gas Energy's Pilot Weatherization Program*. At page vii of the Executive Summary of that report the Commission will find this succinct summary:

[W]e found the program provides positive benefit cost ratios, strong energy savings and is well organized and structured to provide valuable services to the participants. We found that the program is functioning well and is able to deliver valuable services to participants in a way that should be viewed as a credit to the Company, the City and many of the installation contractors. In addition, the program operations, records, and tracking systems we examined are exceptionally

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well designed and maintained and effectively support the program operations and implementation.

(Ex. 300, Jackson Direct, p. 3)

The success of the weatherization program is truly not the issue before the Commission, but rather, the issue is centered on its funding. For the last ten years MGE has committed \$250,000 annually to the program. (Ex. 300, Jackson Direct, p. 2).

Mr. Jackson observed in his testimony that demand continues to rise for weatherization assistance. He explained:

Demand for the program has increased dramatically. Some of that increased demand is attributable to MGE's announcements that gas prices would likely rise over time. In the winter and spring of 2002/2003, MGE publicized that it anticipated substantial increases in the projected price of natural gas. The Public Service Commission held town hall meetings around the state to inform the public on this issue. While public awareness of the projected costs of natural gas was important, it also generated an unprecedented number of applications for weatherization assistance; so many in fact that for the first time in its history, my office refused new applications for assistance in March of 2004. There are more than 500 applications waiting for assistance at this time. As I mentioned, this is the first time demand had reached this level, and the first time we closed the application process. I expect that the demand for weatherization services will not diminish in the near future.

(Ex. 300, Jackson Direct, p. 3).

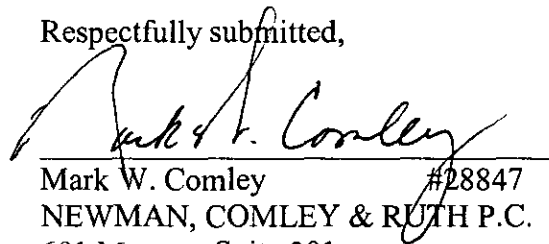
In this general rate proceeding, MGE has proposed an increase of \$160,000 in its annual funding of weatherization programs, to be allocated in the same proportion as existing funds are now divided. (Ex. 10, Noack Rebuttal, p. 31). For the City, this would not be an insignificant increase in funding,<sup>2</sup> yet given the backlog of eligible participants, and the likelihood of ever increasing demand for weatherization assistance, the City differs with a view that the Company's suggested increase will suffice. Mr. Jackson has recommended that the Commission approve an

increase of \$250,000 for the City's program alone, bringing MGE's annual funding of the program to \$500,000.

The City recognizes that low income weatherization is not the only energy efficiency program which can help vulnerable populations in the Company's service area. Several other programs have been sponsored in this proceeding by the Office of Public Counsel and the Staff, and there exists a brand of competition between the parties for funding. However, it is unquestionable that the weatherization program already attains its goals and objectives in a manner that benefits consumers, the Company and the City alike. Having proven itself over a decade, the City submits that the weatherization program should still maintain a primary position when considering how a finite source of funding should be set aside.

In sum, the City requests that the Commission approve and direct an increase in the funding supplied by MGE for the City administered Weatherization Program in an amount of \$250,000.

Respectfully submitted,



Mark W. Comley #28847  
NEWMAN, COMLEY & RUTH P.C.  
601 Monroe, Suite 301  
P.O. Box 537  
Jefferson City, MO 65102-0537  
(573) 634-2266  
(573) 636-3306 (FAX)

Attorneys for Intervener, City of Kansas  
City, Missouri

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<sup>2</sup> At the current ratio, an increase of \$160,000 in funding system wide would translate into an increase of approximately \$102,000 for the City's program. Nothing in this brief should be construed as a wholesale rejection by the City of an increase in this sum. However, the City is not timid about stating that it is simply not enough.

### CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the above and foregoing document was sent by U.S. Mail, postage prepaid, on this 2nd day of August, 2004, to:

Robert V. Franson  
General Counsel's Office  
Public Service Commission  
P.O. Box 360  
Jefferson City, MO 65102

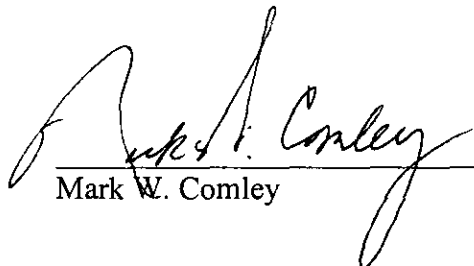
Jeremiah Finnegan  
Finnegan, Conrad & Peterson  
1209 Penntower Office Center  
3100 Broadway  
Kansas City, MO 64111

James C. Swearengen  
Brydon, Swearengen & England  
P.O. Box 456  
Jefferson City, MO 65102

Stuart W. Conrad  
Finnegan, Conrad & Peterson  
1209 Penntower Office Center  
3100 Broadway  
Kansas City, MO 64111

Craig Paulson  
AFCESA/ULT  
139 Barnes Dr.  
Tyndall Air Force Base, FL 32403

Mark H. Ellinger  
Blitz, Bardgett & Deutsch  
308 E. High St., Suite 301  
Jefferson City, MO 65101

  
Mark W. Comley