

Exhibit No.: _____
Issue: Hot Weather Safety Program

BEFORE THE PUBLIC SERVICE COMMISSION OF MISSOURI

SURREBUTTAL TESTIMONY OF JOHN G. HOWAT
ON BEHALF OF AARP

AmerenUE
Case No. ER-2008-0318

Filed: November 5, 2008

1 **Q. PLEASE STATE YOUR NAME, OCCUPATION, AND BUSINESS**
2 **ADDRESS.**

3 A. My name is John Howat, and I am Senior Policy Analyst at the National
4 Consumer Law Center, 7 Winthrop Square, Boston, MA 02110.

5
6 **Q. FOR WHOM ARE YOU TESTIFYING IN THIS PROCEEDING?**

7 A. I am providing comments and testimony in behalf of AARP.

8

9 **Q. HAVE YOU PREVIOUSLY SUBMITTED TESTIMONY ON BEHALF OF**
10 **AARP IN THIS PROCEEDING?**

11 A. Yes.

12

13 **Q. HAVE YOU REVIEWED THE REBUTTAL TESTIMONY IN THIS**
14 **PROCEEDING OF RICHARD J. MARK ON BEHALF OF AMERENUE?**

15 A. Yes.

16

17 **Q. WHAT IS THE PURPOSE OF YOUR SURREBUTTAL TESTIMONY?**

18 A. The purpose of my Surrebuttal testimony is to respond to statements made by Mr.
19 Mark and to propose an alternative to AARP's initial proposal to implement a hot
20 weather safety program.

21

1 **Q. WHAT ARE YOUR RESPONSES TO STATEMENTS MADE BY MR.**
2 **MARK REGARDING THE RESULTS OF THE SURVEY THAT HE**
3 **REFERNCED?**

4 A. Mr. Mark asserted in his Rebuttal Testimony that AARP’s proposed Hot Weather
5 Safety Program is not needed and that if implemented would not have the desired
6 effect, which is avoidance of preventable, heat-related deaths among low-income
7 seniors aged 65 and over living in the Company’s service territory. In support of
8 his claim, Mr. Mark referred to results of a company sponsored survey of elderly
9 customers regarding heat-related hazards. The survey, conducted by the Center
10 for Advanced Social Research of University of Missouri-Columbia under contract
11 with and supervision by AmerenUE, was not targeted specifically to low-income
12 seniors in the Company’s service territory. Nonetheless, and contrary to the
13 assertions in Mr. Mark’s testimony, results of the survey did support the AARP’s
14 contention that some elderly customers who own air conditioning units are
15 reluctant to use them during summer months. Further, results of the survey
16 indicated that fully 45 percent of respondents thought that the cost to run their air
17 conditioners was too high.

18 It should be stressed, however, that less than one quarter of 405 survey
19 respondents reported household income of under \$25,000. Only 7.4 percent of
20 survey respondents reported household income of less than \$10,000. The limited
21 sample of lower-income respondents – the target population of AARP’s proposed
22 Hot Weather Safety Program bill credit – suggests that the survey results cannot
23 be reliably used to understand the behaviors of this specific population.

1 **Q. DID MR. MARK PRESENT OTHER EVIDENCE REFUTING THE NEED**
2 **AS STATED IN YOUR DIRECT TESTIMONY FOR A**
3 **COMPREHENSIVE HOT WEATHER SAFETY PROGRAM?**

4 A. No. In my Direct Testimony I proposed a limited bill credit as part of a broad hot
5 weather safety program based on evidence that (1) excessive heat poses a major,
6 continuing public health threat in Missouri, (2) use of air conditioning is an
7 effective preventive measure, and (3) some individuals may be reluctant to use air
8 conditioning in their homes even when available because of the expense involved
9 in operating air-conditioning equipment. Other than pointing to results of the
10 Company's survey, which as indicated above is not an ideal instrument with
11 which to understand behaviors of the specific population under discussion here,
12 Mr. Mark does not present evidence impeaching the basis of AARP's proposal.
13 While the Company's efforts to work with community-based outreach
14 organizations and to implement its "Be Cool" program are indeed laudable, they
15 do not directly address the cost-based reluctance of some households to operate
16 air-conditioning equipment.

17
18 **Q. CAN YOU RECOMMEND AN ALTERNATE PROGRAM DESIGN TO**
19 **THAT PROPOSED IN YOUR DIRECT TESTIMONY?**

20 A. Yes. In my Direct Testimony I proposed that an annual credit of \$47 be provided
21 to participating households at or below 175% of the federal poverty level with at
22 least one occupant above 65 years of age. As reflected in Att. AARP-JH-7, Att.
23 AARP-JH-8, and Att. AARP-JH-9, I estimated that the annual cost of providing

1 credits to participating households to be approximately \$1.46 million. That
2 estimate is based on provision of the credit to households throughout the
3 Company's service territory assuming a 50% participation rate.

4 As an alternative, AARP recommends that the Commission approve a two-year
5 pilot program where the Company would offer a \$47 annual credit, distributed
6 during the months of July and August as outlined in Direct Testimony, to
7 households with at least one occupant aged 65 or older in the City of St. Louis or
8 Jefferson County that fall within 175% of the federal poverty guidelines.

9 Assuming a participation rate of 50%, the total cost of annual credits would be
10 about \$365,000. To estimate total program cost, I added 15% of the cost of the
11 credits for program administration and information systems modifications, plus
12 and additional 15% for program outreach, customer education and program
13 evaluation. I estimate total annual program costs to be about \$474,000, or
14 approximately four one hundredths of one percent (0.04%) of AmerenUE's 2007
15 residential sales revenues. Residential bill impacts, if the cost of the credits were
16 to be recovered through monthly billing of all residential customers, would be
17 about 36 cents per year on average. (Please see Att. AARP-JH-10, Att. AARP-JH-
18 11, and Att. AARP-JH-12.)

19 AARP further recommends that as part of a pilot program, bill credit recipients
20 and a sampling of low-income, elderly non-participants be surveyed at the pilot's
21 outset and conclusion to develop a better understanding of air conditioning usage
22 patterns, the extent to which operating costs contribute to decisions in these
23 households to use available air conditioning, and the extent to which the

1 availability of credits influences air conditioning usage during summer heat
2 waves. Such a survey should be designed and implemented collaboratively, with
3 participation of the Company, AARP and other interested stakeholders.
4

5 **Q: ARE THERE OTHER AGENCIES AND ORGANIZATIONS SERVING**
6 **LOW-INCOME SENIORS IN MISSOURI WHICH RECOGNIZE THE**
7 **NEED FOR A PROGRAM THAT PROMOTES HEALTH AND SAFETY**
8 **BY ADDRESSING CONCERNS REGARDING THE COST OF**
9 **OPERATING AN AIR CONDITIONER DURING THE HOTTEST DAYS**
10 **OF SUMMER?**

11
12 **A:** Yes. Several letters endorsing AARP's proposed Hot Weather Safety Program are
13 attached to this surrebuttal testimony as Att. AARP-JH-13.
14

15 **Q. DOES THIS CONCLUDE YOUR TESTIMONY?**

16 **A.** Yes.

