

Exhibit No.:
Issues: MDNR Weatherization Program
Expenses; MEEIA Stipulation
Witness: Adam Bickford
Sponsoring Party: Missouri Department of Natural
Resources – Division of Energy
Type of Exhibit: Direct Testimony
File No.: ER-2012-0166

**DIRECT TESTIMONY
OF
ADAM BICKFORD
MISSOURI DEPARTMENT OF NATURAL RESOURCES
DIVISION OF ENERGY**

July 6, 2012

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

UNION ELECTRIC COMPANY, d/b/a AMEREN MISSOURI

FILE NO. ER-2012-0166

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

In the Matter of Union Electric Company)
d/b/a Ameren Missouri's Tariffs to)
Increase Its Revenues for Electric Service.)

Case No. ER-2012-0166

AFFIDAVIT OF ADAM BICKFORD

STATE OF MISSOURI

)

)

SS

CITY OF JEFFERSON

)

Adam Bickford, of lawful age, being duly sworn on his oath, deposes and states:

1. My name is Adam Bickford. I work in the City of Jefferson, Missouri, and I am employed by the Missouri Department of Natural Resources' Division of Energy as a Planner III.
2. Attached hereto and made a part hereof for all purposes is the Public version of my Direct Testimony on behalf of the Missouri Department of Natural Resources' Division of Energy, consisting of 12 pages of testimony and 5 schedules, all of which have been prepared in written form for introduction into evidence in the above-referenced docket.
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.



Adam Bickford

Subscribed and sworn to before me this 6th day of July, 2012.



Notary Public

My commission expires:

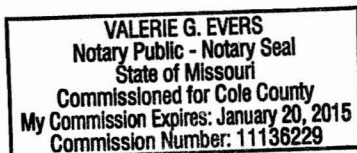


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I. Introduction

Q. Please state your name and business address.

A. My name is Adam Bickford. My business address is Missouri Department of Natural Resources, Division of Energy, 1101 Riverside Drive, P.O. Box 176, Jefferson City, Missouri 65102-0176.

Q. Please describe your educational background and employment experience.

A. I began work with the Missouri Department of Natural Resources Division of Energy in August, 2009. In my current position I am a Planner III. Prior to working with Missouri Department of Natural Resources I was employed as a program evaluator by Optimal Solutions Group, LLC in Hyattsville, Maryland; the University of Missouri Extension Office of Social and Economic Data Analysis in Columbia, Missouri; and the Smithsonian Institution in Washington D.C. In these positions my responsibilities included the design and execution of evaluation projects in the K-12 education and arts domains.

I received my B.A. degree in Sociology from the University of California, Berkeley. I hold a Masters of Arts degree and a Doctor of Philosophy degree in Sociology from the University of Chicago.

Q. On whose behalf are you testifying?

A. I am testifying on behalf of the Missouri Department of Natural Resources ("MDNR"), an intervenor in these proceedings.

1 **Q. Have you previously testified before the Commission on behalf of the Missouri**
2 **Department of Natural Resources?**

3 A. Yes, I have. I testified on behalf of MDNR in the following cases before the
4 Commission:

- 5 • Union Electric Company, d/b/a AmerenUE rate case, ER-2010-0036,
- 6 • Kansas City Power and Light rate case, ER-2010-0355,
- 7 • KCP&L-Greater Missouri Operations rate case, ER-2010-0356,
- 8 • Empire District Electric rate case, ER-2011-0004,
- 9 • KCP&L Greater Missouri Operations MEEIA case, EO-2012-0009, and
- 10 • Ameren Missouri MEEIA case, EO-2012-0142.

11 Additionally, I have participated in the following Integrated Resource Planning (IRP)
12 cases:

- 13 • KCP&L-Greater Missouri Operations 2009 IRP, EE-2009-0237,
- 14 • Empire District Electric 2010 IRP, EO-2011-0066, and
- 15 • Union Electric Company, d/b/a Ameren Missouri 2011, IRP, EO-2011-0271.

16
17 **Q. What is the purpose of your testimony in these proceedings?**

18 A. My testimony addresses two issues. First, MDNR asserts its support for
19 appropriate implementation of the Missouri Energy Efficiency Investment Act
20 (MEEIA). Ameren's rate increase filing in this case requested inclusion of certain
21 demand-side investment mechanism (DSIM) costs and incentives in rates. On
22 July 5, 2012, a Unanimous Stipulation and Agreement (Stipulation) was filed with
23 the Commission in Case No. EO-2012-0142, Ameren's MEEIA/DSIM case. MDNR
24 is a signatory to that Stipulation, and recommends that the Commission implement

1 the applicable portions of the Stipulation in this case. Secondly, my testimony
2 requests that the Commission approve an increase in Ameren's funding for low
3 income customer weatherization to include MDNR's related administrative costs.

4 **II. Ameren's MEEIA Application**

5
6 **Q: What is MDNR's position relative to the impact of Ameren's MEEIA**
7 **application and DSIM proposal on this rate case?**

8 A. MDNR has been supportive of the timely and appropriate implementation of the
9 Missouri Energy Efficiency Investment Act (MEEIA)¹ and the effort to establish a
10 balanced regulatory framework that allows utilities timely recovery of their demand
11 side management (DSM) program costs, recovery of a portion of the losses incurred
12 because of their DSM investment, and performance incentives for exemplary
13 performance. Ameren submitted its MEEIA application on January 20, 2012 (Case
14 No. EO-2012-0142). In its application, Ameren proposed revenue requirement
15 inclusion of DSM program costs, shared net benefits and a performance incentive.
16 MDNR, along with all other parties to the MEEIA case, have, after lengthy
17 negotiations, reached a unanimous stipulation regarding Ameren's DSM programs
18 and DSIM for recovery of program costs, shared net benefits and performance
19 incentive. MDNR supports this Stipulation, including its provisions to reflect certain
20 elements of the DSIM in rates in this case, and looks forward to the successful
21 implementation of Ameren's DSM plan.

¹ Section 393.1075, RSMo

III. The Federal Weatherization Program

Q. Please describe the federal Weatherization program.

A. In response to the energy crisis of the early 1970s, Congress established the federal Low-Income Weatherization Assistance Program (LIWAP). As Missouri's state energy office, the MDNR Division of Energy administers the federal program. The Weatherization program provides cost-effective energy-efficient home improvements to Missouri's low income households, especially the elderly, children, those with physical disadvantages, and others hit hardest by high utility costs. The program aims to lower utility bills and improve comfort while ensuring health and safety. Today, Weatherization is the nation's largest residential energy efficiency program. Since its inception in 1977, nearly 180,000 Missouri houses have been weatherized through the LIWAP.²

The Weatherization program utilizes a "whole house retrofit" approach to building improvement. Participating houses undergo a thorough audit for health and safety issues, air leaks and substandard or malfunctioning equipment (such as heaters), followed by the review and installation of cost-effective energy conservation measures (such as high efficiency furnaces, insulation, etc.). House audits are conducted by trained Weatherization professionals. After all cost-effective upgrades are complete and all health and safety issues are addressed, a second home audit is performed to verify that the retrofits were installed properly.

² MDNR, 2012. "Missouri Low Income Weatherization Assistance Program (LIWAP)" fact sheet. PUB1217. <http://dnr.mo.gov/pubs/PUB1217.pdf>

1 Work on eligible houses is performed by 19 subgrantees, independent community
2 action or local agencies situated to serve every region of Missouri. MDNR
3 administers the grant from U.S. Department of Energy (U.S. DOE) and acts as the
4 program liaison with U.S. DOE for receipt, processing and administration of the
5 federal grant funds. MDNR submits all required reports and responds to federal
6 auditors. MDNR also administers the subgrant process by which funds are
7 provided to the local agency subgrantees by obtaining budgets, allocating funds
8 and drafting subgrant documents for execution by MDNR and each agency. Once
9 subgrants are executed, MDNR provides technical and fiscal training, technical
10 monitoring (desk reviews and field inspections), fiscal oversight (desk and on-site
11 review of invoices and other documentation) of the subgrantees, and ensuring that
12 federal and state rules and policies are correctly implemented.

13
14 **Q. What has the Weatherization program accomplished under the American**
15 **Recovery and Reinvestment Act of 2009?**

16 A. The American Recovery and Reinvestment Act (ARRA) increased the funding for
17 the Missouri Weatherization program from approximately \$6 million annually to
18 \$128 million for the period between 2009 and 2012. As of April, 2012 the
19 Weatherization program used these funds to improve approximately 22,000
20 homes.³ Program changes accompanying the ARRA funds increased the
21 assistance level per house and raised the income eligibility level, simultaneously
22 increasing the extent of the improvements performed on each eligible house and
23 increasing the number of eligible houses.

³ Ibid.

1 **Q. What is the amount of federal Weatherization program funding for Missouri for**
2 **the 2012 program year (PY) (July 1, 2012 – June 30, 2013)?**

3 A. On February 8, 2012 the DOE issued *Weatherization Program Notice 12-2* (see
4 Schedule AB-1) indicating that:

5 DOE has determined that an appropriation level of \$68 million cannot sustain
6 an effective national weatherization program using the regulatory formula to
7 allocate funds. The Secretary is exercising the provided authority and funds
8 are being allocated in an effort to provide States WAP funding in PY 2012 at a
9 level comparable to funding levels prior to the Recovery Act, with
10 consideration of carry-over funding available to States and the funding level
11 provided through FY2012 appropriations. *There will be Grantees that will*
12 *receive no new DOE funding for FY 2012.* (Emphasis added).
13

14 As confirmed by the allocation letter accompanying this notice (see Schedule AB-
15 2), the federal allocation for Missouri's Weatherization program is \$0.00 for program
16 year (PY) 2012, because there were regular DOE grant funds available due to the
17 focus on expending ARRA funds.

18 **Q. What is the outlook for PY 2013 federal Weatherization funding (July1, 2013 –**
19 **June 30, 2014)?**

20 A. Currently Missouri's allocation of Weatherization funds from DOE is not known and
21 will be based primarily upon the level of Congressional appropriation. Due to
22 elections in November 2012, completion of a federal budget is not expected until
23 sometime in 2013. If Congress uses Continuing Resolutions in lieu of passage of
24 new budget bills, as it has in the past, prior year budget levels may be carried
25 forward. This would not bode well for Weatherization, which was funded at a very
26 low level for PY 2012, prompting DOE to allocate zero dollars to some states,
27 including Missouri. In PY 2013, Missouri will not have federal Weatherization funds

1 to carry over to bridge the gap. For this reason it is important to continue utility
2 funding of low income weatherization and provide a reliable stream of funds for
3 administration of the utility weatherization programs.

4 **Q. What are the current sources of funding available to MDNR to weatherize**
5 **homes of low-income residents of Missouri?**

6 A. Weatherization program funding comes primarily from three sources, the federal
7 government, funds from several Missouri utilities, and supplementary funds from
8 the federal Low Income Home Energy Assistance Program (LIHEAP). Funding
9 from federal sources is part of MDNR Division of Energy's allocation from the U.S.
10 DOE, under a formula allocation based on population, local climatic conditions, and
11 the cost of heating and cooling for low-income residences.⁴ Between 2009 and
12 2012, the federal Weatherization funds were supplemented by ARRA funds, as
13 described above.

14 The second source of funding is from utilities. MDNR administers
15 weatherization funds approved by the Missouri Public Service Commission in
16 various cases for individual utilities (Ameren Electric, Ameren Gas, Laclede Gas
17 and Atmos Gas). Other utilities, such as Empire District Electric, Kansas City
18 Power and Light and KCP&L GMO, operate weatherization programs
19 independently. MDNR administers the utility weatherization funds consistent with
20 the guidelines of the federal DOE Weatherization program. Regardless of source,
21 funds are passed through MDNR to the various subgrantees to provide
22 weatherization services throughout the state. Utility funds are used to improve the

⁴ See http://www1.eere.energy.gov/wip/wap_allocation.html

1 efficiency of the houses of eligible utility customers in each utility's respective
2 service territories.

3 The third source of funds is occasional small transfers of LIHEAP funds to
4 supplement the weatherization program. These funds are generally not available to
5 support program administration.

6 **Q. Has the Weatherization program been included in Ameren's MEEIA**
7 **application?**

8 A. No. Ameren has included one low-income program, directed at providing measures
9 to retrofit multi-family buildings, in its MEEIA application. The Weatherization
10 program already recovers its costs in rates and was not included in Ameren's
11 MEEIA portfolio. Consequently, the financial agreements agreed to in the MEEIA
12 Stipulation do not apply to it. MDNR's only avenue is to pursue an increase in
13 funds for the Weatherization program to cover administrative costs through the
14 current rate case.

15 **Q. How has MDNR managed its costs for Weatherization program administration,**
16 **monitoring and technical assistance?**

17 A. MDNR currently uses federal Weatherization funds to pay for program
18 administration, monitoring and technical assistance. US DOE administrative funds
19 come in two categories: "Administrative" funds, which pay for MDNR's costs to
20 administer program operations and payments, while "Training and Technical
21 Assistance" (T&TA) funds pay for on-site monitoring of building improvements and
22 subgrantee fiscal and procedural monitoring. Schedule AB-3 shows the
23 Administrative and T&TA costs from the U.S. Department of Energy (DOE) for two

1 years, October 1, 2008 to September 30, 2009 and October 1, 2010 to September
2 30, 2011. The first year (2008-2009) shows the percentage of administrative and
3 T&TA costs for the year prior to the receipt of ARRA funds and the second year
4 (2010-2011) shows the effect of ARRA funds. The second year also corresponds
5 to the test year in ER-2012-0166. Schedule AB-3 shows that the combined
6 administrative cost (including T&TA) was 11.29% of the total federal Weatherization
7 budget for the first year and 9.78% for the second year. The second year also
8 includes ARRA funds; during that year, an additional 2.44% of ARRA funds were
9 spent on administrative and T&TA costs.

10 **Q. How has MDNR administered utility weatherization funds?**

11 A. MDNR has administered all utility weatherization funds in conjunction with the
12 federal Weatherization program under federal guidelines, and has not previously
13 sought or received funds to reimburse its costs to administer the utility programs.
14 All utility weatherization funds have been provided directly to local agencies through
15 subgrant agreements. MDNR cannot continue this approach under the existing
16 funding levels for the federal Weatherization program. Because utility
17 weatherization funding has been authorized via agreement or Commission order,
18 and generally in rate cases, MDNR is unaware of any alternate forum to address
19 this issue. It is our intention to attempt to resolve this issue via negotiation with
20 each utility for whom MDNR is administering a utility Weatherization program.

IV. Ameren Electric's Weatherization Program funding

Q. Please generally describe how Ameren Electric's Weatherization funds are administered.

A. Following Case No. ER-2007-0002, MDNR initiated an administrative agreement that implemented the provisions of the Commission order related to MDNR's administration of Ameren electric's weatherization funding. This agreement specified that \$1.2 million would be deposited annually in an account maintained by EIERA and MDNR would allocate the funds to the 12 Weatherization agencies operating in Ameren's service territory and manage the program. This administrative agreement has been amended several times; most recently to provide funds for a bi-annual program evaluation agreed to in Case No. ER-2011-0028⁵, but the annual amount of Ameren's weatherization level of funding has not changed since the inception of the program. It has been MDNR's practice to pass all of the funds collected from Ameren's rate payers through to the various subgrantees.

Schedule AB-4 shows the number of houses weatherized under Ameren Electric's agreement since 2007. In the four years between November 1, 2007 and October 31, 2011, Ameren electric funds were used to weatherize 2,151 homes. Schedule AB-4 also shows a small annual decline in Ameren-funded houses in between 2009 and 2011 due to the influence of the ARRA funds.

Q. What is the program year for Ameren's Weatherization grant?

⁵ See Report and Order, Case No. ER-2011-0028.

1 A. The Ameren program year begins on November 1 and ends on October 31 of the
2 next year. The upcoming program year is from November 1, 2012 to October 31,
3 2013.

4 **Q. Does Ameren's annual weatherization funding include an allocation for**
5 **MDNR's administrative and T&TA costs?**

6 A. No.

7 **Q. What is MDNR's request?**

8 A. The MDNR is requesting approximately \$120,000 in funding for reimbursement of
9 administrative costs. That level would mean increasing Ameren Electric's annual
10 funding of the Weatherization program by ten percent, from \$1,200,000 to
11 \$1,320,000. This additional \$120,000 will cover MDNR's expenses for subgrantee
12 administration, technical monitoring, general administrative duties, and fiscal
13 oversight of the subgrantees receiving Ameren Electric Weatherization funds.
14 These funds cover the costs to conduct on-site verification of installed energy
15 efficiency and health and safety measures; on-site financial monitoring of Ameren
16 and federal program funds; operation and maintenance of the MoWAP, an on-line
17 program database for tracking and reporting; and other administrative functions.
18 See Schedule AB-5 for an accounting of the requested funds.

19 These funds will support the portion of 19 staff positions at MDNR involved
20 in administering and monitoring the Ameren electric portion of the Weatherization
21 program. The time commitments for administering the Ameren Weatherization
22 program equal 0.86 FTE. Additionally there are non-salary expenses for travel,
23 supplies, etc. (see Schedule AB-5). The total request is \$120,000, essentially ten

1 percent of the annual low income weatherization funding collected from Ameren's
2 rate payers. The ten percent figure is consistent with the combined administrative
3 and T&TA costs for the Federal Weatherization program listed in Schedule AB-1.

4 **Q. If agreed to by Ameren and ordered by the Commission, when could MDNR**
5 **receive these additional funds?**

6 A. If this issue is not resolved through stipulation prior to November 2012, the earliest
7 that any Commission decision on providing administrative support for MDNR
8 Weatherization activities could be implemented is with the Fall 2013 payment to
9 EIERA.

10 **Q. Does this conclude your testimony?**

11 A. Yes. Thank you.

Schedule AB-1 DOE PY 2012 Guidance Document



Department of Energy
Washington, DC 20585

WEATHERIZATION PROGRAM NOTICE 12-2
EFFECTIVE DATE: February 8, 2012

SUBJECT: PROGRAM YEAR 2012 GRANTEE ALLOCATIONS

PURPOSE: To provide final Grantee allocations for the preparation and submission of applications for funding for the Weatherization Assistance Program (WAP) for Program Year (PY) 2012.

SCOPE: The provisions of this guidance apply to Grantees applying for financial assistance under the Department of Energy (DOE) WAP.

LEGAL AUTHORITY: Title IV, Energy Conservation and Production Act, as amended, authorizes the Department of Energy to administer the Weatherization Assistance Program. (42 U.S.C. § 6861, *et. seq.*) All grant awards made under this program shall comply with applicable law and regulations including the WAP regulations contained in 10 CFR 440.

PROCEDURES: Congress has passed and the President has signed the FY 2012 Energy and Water Appropriations Act, Pub. L. 112-74. The FY 2012 Appropriations Act funds Weatherization at \$68,000,000. This funding level is less than one-third of that recently provided annually through Appropriations for WAP. Congress also provided the DOE Secretary authority to waive the allocation formula established in the WAP regulations for Program Year 2012.

DOE has determined that an appropriation level of \$68 million cannot sustain an effective national weatherization program using the regulatory formula to allocate funds. The Secretary is exercising the provided authority and funds are being allocated in an effort to provide States WAP funding in PY 2012 at a level comparable to funding levels prior to the Recovery Act, with consideration of carry-over funding available to States and the funding level provided through FY2012 appropriations. There will be Grantees that will receive no new DOE funding for FY 2012.

Grantees should refer to the Funding Opportunity Announcement No.DE-FOA0000641 or any subsequent guidance documents for additional information on the funding and allocation process.

Note: Sustainable Energy Resource for Consumers Grants will not be funded in 2012.

The final Grantee allocations attached are to be used in conjunction with Weatherization Program Notice 12-1, Program Year 2012 Weatherization Grant Guidance, in developing the annual grant application for 2012. Grantees should develop their 2012 Grantee plans based on these allocations

A handwritten signature in black ink, appearing to read "Annamaria Garcia".

Annamaria Garcia
Acting Program Manager
Office of Weatherization and Intergovernmental Program
Energy Efficiency and Renewable Energy

Attachment

Weatherization Assistance Program**Final FY2012 State Allocations @ Appropriation of:** \$68,000,000

State	FY 2012 Program Allocation	FY 2012 T&TA Allocation	FY 2012 Total Allocation
Alabama	\$0	\$0	\$0
Alaska	\$0	\$0	\$0
Arizona	\$0	\$0	\$0
Arkansas	\$0	\$0	\$0
California	\$1,484,182	\$164,909	\$1,649,091
Colorado	\$0	\$0	\$0
Connecticut	\$1,187,763	\$131,974	\$1,319,737
Delaware	\$0	\$0	\$0
District of Columbia	\$412,423	\$45,825	\$458,248
Florida	\$0	\$0	\$0
Georgia	\$916,861	\$101,873	\$1,018,734
Hawaii	\$48,936	\$5,437	\$54,373
Idaho	\$1,249,819	\$138,869	\$1,388,688
Illinois	\$4,367,396	\$485,266	\$4,852,662
Indiana	\$0	\$0	\$0
Iowa	\$0	\$0	\$0
Kansas	\$1,596,733	\$177,415	\$1,774,148
Kentucky	\$2,853,529	\$317,059	\$3,170,588
Louisiana	\$537,296	\$59,700	\$596,996
Maine	\$1,941,189	\$215,688	\$2,156,877
Maryland	\$0	\$0	\$0
Massachusetts	\$4,134,876	\$459,431	\$4,594,307
Michigan	\$3,597,753	\$399,750	\$3,997,503
Minnesota	\$0	\$0	\$0
Mississippi	\$517,130	\$57,459	\$574,589
Missouri	\$0	\$0	\$0
Montana	\$797,859	\$88,651	\$886,510
Nebraska	\$591,453	\$65,717	\$657,170
Nevada	\$528,321	\$58,702	\$587,023
New Hampshire	\$477,831	\$53,092	\$530,923
New Jersey	\$0	\$0	\$0
New Mexico	\$549,221	\$61,024	\$610,245

New York	\$12,717,745	\$1,413,083	\$14,130,828
North Carolina	\$0	\$0	\$0
North Dakota	\$0	\$0	\$0
Ohio	\$0	\$0	\$0
Oklahoma	\$611,168	\$67,908	\$679,076
Oregon	\$1,339,227	\$148,803	\$1,488,030
Pennsylvania	\$3,479,605	\$386,623	\$3,866,228
Rhode Island	\$732,456	\$81,384	\$813,840
South Carolina	\$835,070	\$92,785	\$927,855
South Dakota	\$455,090	\$50,566	\$505,656
Tennessee	\$0	\$0	\$0
Texas	\$0	\$0	\$0
Utah	\$657,406	\$73,045	\$730,451
Vermont	\$0	\$0	\$0
Virginia	\$0	\$0	\$0
Washington	\$2,872,125	\$319,125	\$3,191,250
West Virginia	\$1,014,983	\$112,776	\$1,127,759
Wisconsin	\$5,415,605	\$601,734	\$6,017,339
Wyoming	\$340,847	\$37,872	\$378,719
American Samoa	\$118,885	\$13,209	\$132,094
Guam	\$0	\$0	\$0
Puerto Rico	\$0	\$0	\$0
Northern Mariana Islands	\$0	\$0	\$0
Virgin Islands	\$0	\$0	\$0
Navajo Grant:	\$0	\$0	\$0
Northern Arapahoe Grant:	\$63,661	\$7,073	\$70,734
Inter-Tribal Council of Arizona Grant:	\$55,556	\$6,173	\$61,729
Headquarters T&TA			\$3,000,000
Leveraging Project			\$0
Total	\$58,500,000	\$6,500,000	\$68,000,000

Schedule AB-2 DOE Missouri Allocation Letter



Department of Energy
Washington, DC 20585

February 8, 2012

Ms. Sara Parker Pauley, Director
Missouri, Department of Natural Resources
P.O. Box 176
1101 Riverside Drive (Grants-Accounting Program)
Jefferson City, MO 65102-0176

Dear Ms. Parker Pauley:

As you know, the Weatherization Assistance Program (WAP) enables low-income families to permanently reduce their energy bills and improve the health and safety of their homes. These WAP investments stimulate businesses, support local economies, and create jobs in communities across the nation. The U.S. Department of Energy (DOE) is proud to partner with your office to accomplish the goals of the WAP. This letter is to inform you of the WAP funding that will be available from the DOE for Program Year (PY) 2012.

In the 2012 Consolidated Appropriations Act, Congress provided \$65 million for allocation to WAP grantees - a funding level that is less than one-third of the amount recently provided through appropriations for the Program. Congress also provided the Secretary of Energy with the authority in PY 2012 to use a methodology other than the formula established in regulation to distribute the available funding. The Secretary is exercising this authority. The PY 2012 allocation is intended to create WAP funding in PY 2012 comparable to funding levels prior to the American Recovery and Reinvestment Act of 2009 (ARRA). The allocation uses a results oriented strategy that considers remaining fund balances grantees may have from the ARRA and prior year DOE Appropriations to distribute the Fiscal Year (FY) 2012 WAP Appropriations.

DOE allocated PY 2012 funds to ensure two major outcomes: 1) grantees that spent their ARRA funds on time have adequate DOE funding to maintain their operations at pre ARRA levels; and 2) all grantees have adequate funds to operate throughout PY 2012, given the fund balances that are already allocated but remain unspent. Based on projected fund balance at the beginning of your PY 2012, your operation will receive **\$0** funds from the PY 2012 Appropriation. Your allocation was based on the following criteria:

- Use of an appropriation amount of \$210 million as the base "PY12 Target Allocation" for establishing funding for each grantee. This is the amount that would have been awarded to grantees through the funding formula as established in the regulations based on a \$210 million Appropriation by Congress (as provided in PY 2010 without the \$30 million set-aside for innovative competitive awards).



- Whether a significant portion of the “PY12 Target Allocation” is available in ARRA balances for at least half of your PY 2012 (based on recent approvals of extensions to ARRA grants). PY 2012 “Target Allocations” were adjusted downward by 25 percent for grantees with such significant balances.
- Whether more than the “PY12 Target Allocation” (adjusted for ARRA balance as described above) is expected to be available at the start of your PY 2012. Grantees with a prior year balance totaling more than the “PY12 Target Allocation” will not receive additional FY 2012 funding.
- Whether more than 60 percent of the “PY12 Target Allocation” (adjusted for ARRA balance as described above) is expected to be available at the start of your PY 2012. “Target Allocations” were adjusted downward by 50 percent for these grantees.
- Allocation of PY 2012 funds was provided to those grantees requiring additional DOE funds to reach their adjusted “PY12 Target Allocation”. This allocation was equal to 76.38 percent of the adjusted “Target Allocation” - the proportional share of the \$65 million Appropriation relative to the sum of the adjusted target allocations.

The specific information used in determining your allocation is provided in the Attachment. The WAP Funding Opportunity Announcement (FOA) containing the PY 2012 funding amounts for grantees and the requirements for State Plan submissions and approvals will be distributed in early February. In the meantime, it may be beneficial for your WAP office to review all grant agreements between your office and your subgrantees to ensure that extensions for existing funds are in place before the beginning of your PY 2012.

Thank you for continuing to provide these important and effective services on behalf of DOE and the families you serve each day.

Sincerely,



Kathleen B. Hogan
Deputy Assistant Secretary for
Energy Efficiency
Office of Technology Development
Energy Efficiency and Renewable Energy

CC: The Honorable Jeremiah W. (Jay) Nixon, Governor
Joe Gassner, WAP Program Manager
Shawn Green, DOE Project Officer

Attachment
Information Used to Determine Program Year (PY) 2012
WAP Allocation for Missouri

1. According to your recent WAP grant activity, your PY 2012 Start Date is ***July 1, 2012***.
2. Our records indicate that you will have approximately ***\$6,902,432*** in projected WAP ARRA funds available during your PY 2012 Performance Period.
3. Our records indicate that you will have approximately ***\$10,136,899*** in projected DOE Appropriated funds available during your PY 2012 Performance Period.
4. If DOE had \$210 million available to distribute through its normal allocation tables, you would receive approximately ***\$5,506,528*** in PY 2012. This is the ***PY 2012 Target Allocation***.
5. You have a balance of ARRA funds available to your Weatherization Program for part or all of your PY 2012 as referenced in (2) above. Your ***PY 2012 Target Allocation*** was adjusted to ***\$4,129,896*** to account for these existing funds.
6. You have a balance of DOE- Appropriated funds available to your Weatherization Program, as referenced in (3) above. These funds represent ***245.5%*** of the funds needed to establish your adjusted ***PY 2012 Target Allocation***. If these funds were greater than 100 percent of your adjusted ***PY 2012 Target Allocation***, the target was adjusted to ***\$0***.
7. After all adjustment to funding levels, your PY 2012 Allocation is ***\$0***.

Schedule AB-3:MDNR Administrative Costs for Weatherization program from DOE and
ARRA, 2008-2009 and 2010-2011

	<u>2008-2009</u>	<u>2010-2011</u>
DOE		
Grantee Administration	\$375,545.60	\$142,033.68
Grantee T&TA	\$502,121.95	\$217,624.67
Grantee Administration and Grantee T&TA	\$877,667.55	\$359,658.35
Total for Project	\$7,771,573.55	\$3,679,160.48
Grantee Administration	4.83%	3.86%
Grantee T&TA	6.46%	5.92%
Grantee Administration and Grantee T&TA	11.29%	9.78%
ARRA		
Grantee Administration		\$316,926.54
Grantee T&TA		\$1,072,358.74
Grantee Administration and Grantee T&TA		\$1,389,285.28
Total for Project		\$56,890,053.58
Grantee Administration		0.56%
Grantee T&TA		1.88%
Grantee Administration and Grantee T&TA		2.44%

Schedule AB-4: Houses Weatherized under Ameren Weatherization
program by Year, 2007-2011

Year	Number of Houses Weatherized
2007	422
2008	615
2009	454
2010	355
2011	305
Total	2,151

Schedule AB-5: Weatherization Administrative Costs by Primary Administrative Function, Ameren Weatherization Program

		Totals			
Primary Administrative Function	Number of Positions	Administrative FTE	Salary for Administrative Functions	Fringe Benefits	Cost for Administrative Functions
On-site Technical Monitoring	7	0.30	\$12,398	\$6,231	\$18,629
On-site Financial Monitoring	4	0.14	\$4,872	\$2,449	\$7,321
MoWAP Database Management	3	0.17	\$7,317	\$3,677	\$10,994
General Administration and Management	5	0.24	\$12,692	\$6,379	\$19,071
Total Personnel Costs	19	0.86	\$37,278	\$18,736	\$56,014
Personnel Costs (including Fringe Benefits)					\$56,014
Other Program Management Costs					
Detail					\$63,987
Travel				\$3,250	
Supplies				\$2,250	
Other				\$43,487	
MoWAP				\$15,000	
Total Administrative Costs					\$120,001
Total Program Budget					\$1,200,000
Percentage of Request					10.00%