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MISSOURI PUBLIC SERVICE COMMISSION

REGULATORY REVIEW DIVISION

SURREBUTTAL TESTIMONY

OF

HENRY E. WARREN, Ph.D.

**UNION ELECTRIC COMPANY
d/b/a Ameren Missouri**

CASE NO. ER-2012-0166

*Jefferson City, Missouri
September 2012*

Staff Exhibit No. 225
Date 9-21-12 Reporter KF
File No. ER-2012-0166

EXHIBIT 225

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

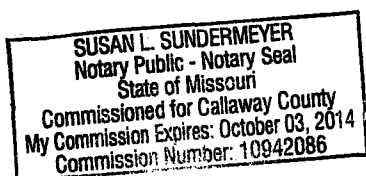
AFFIDAVIT OF HENRY E. WARREN, Ph.D.

STATE OF MISSOURI)
) ss
COUNTY OF COLE)

Henry E. Warren, Ph.D., 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 5 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, Ph.D.

Subscribed and sworn to before me this 7th day of September, 2012.



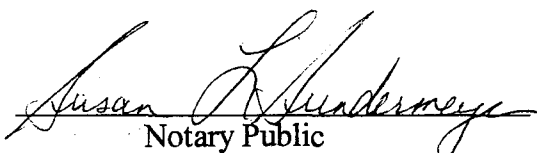

Notary Public

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SURREBUTTAL TESTIMONY

OF

HENRY E. WARREN, Ph.D.

**UNION ELECTRIC COMPANY
d/b/a Ameren Missouri**

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SURREBUTTAL TESTIMONY
OF
HENRY E. WARREN, Ph.D.
UNION ELECTRIC COMPANY
d/b/a Ameren Missouri
CASE NO. ER-2012-0166

Q. Please state your name and business address.

A. My name is Henry E. Warren and my business address is Missouri Public Service Commission, P. O. Box 360, Jefferson City, Missouri, 65102.

Q. Are you the same Henry E. Warren who contributed to Staff's *Cost-of-Service Report* filed July 6, 2012?

A. I am.

1. EXECUTIVE SUMMARY

Q. What is the purpose of your Surrebuttal Testimony?

A. My Surrebuttal Testimony will address issues regarding evaluations of Ameren Missouri's low income weatherization program as set forth in the Rebuttal Testimony of Ameren Missouri's witness, Mr. Gregg Lovett. My Surrebuttal testimony will also address issues regarding the evaluation of Ameren Missouri's low income weatherization program as set forth in the Rebuttal Testimony of the Office of the Public Counsel (OPC) witness Mr. Ryan Kind.

1 **2. RESPONSE TO REBUTTAL TESTIMONY OF MR. GREGG LOVETT,**
2 **AMEREN MISSOURI.**

3 Q. To which portion of the Rebuttal Testimony submitted by Ameren Missouri
4 witness, Mr. Gregg Lovett, regarding Ameren Missouri funded low income weatherization do
5 you wish to address first?

6 A. On page 10, line 18, of his Rebuttal Testimony, Mr. Lovett states:

7 Ameren Missouri is not opposed to including the analysis of gas savings in the
8 next evaluation, but there may be limitations which will hinder the
9 implementation of this suggestion. Very few of the participants funded by
10 Ameren Missouri electric funds are Ameren Missouri gas customers.
11 Consequently, there is not enough billing data available to analyze the gas
12 savings from these customers unless this data could be gathered from other gas
13 providers. Another option would be to include the low income participants that
14 receive funding from Ameren Missouri gas customers in the next evaluation as
15 the gas weatherization program administered by MDNR has never been
16 evaluated.

17
18 Q. Is there a way to expand the information on natural gas use by Ameren
19 Missouri electric customers beyond those that are also Ameren Missouri natural gas
20 customers?

21 A. Yes. In prehearing discussions with Ameren Missouri, OPC, and the Missouri
22 Department of Natural Resources (MDNR), Staff determined that households receiving low
23 income weatherization sign a release to make their energy usage available for evaluation.
24 This would allow for access to information regarding natural gas use by Ameren Missouri
25 electric customers that are Laclede Gas customers or the customers of another jurisdictional
26 gas utility. The marginal cost of including an evaluation of gas usage for low income Ameren
27 Missouri electric customers receiving weatherization would likely be very reasonable.

1 Q Is Mr. Lovett's following statement accurate, "...the gas weatherization
2 program administered by MDNR (Missouri Department of Natural Resources) has never been
3 evaluated"?

4 A. No. Although the evaluations of natural gas companies' low income
5 weatherization programs are not current, there were evaluations in 1998 and 1999 of the
6 Missouri Gas Energy low income weatherization program.¹ Subsequently, the AmerenUE
7 Gas low income weatherization program was also evaluated by TecMRKT Works, although a
8 reference for the AmerenUE Gas report could not be found.

9 However, because there has not been a current evaluation of a natural gas utility's low
10 income weatherization program, it would be beneficial to include gas usage in the Ameren
11 Missouri electric low income weatherization program evaluation.

12 Q. Which portion of the Rebuttal Testimony submitted by Ameren Missouri
13 Witness, Mr. Gregg Lovett, regarding Ameren Missouri-funded low income weatherization
14 do you wish to address next?

15 A. On page 11, line 5, of his Rebuttal Testimony, Mr. Lovett states that he does
16 not agree that evaluations "...need to be conducted only every five years." The reason that an
17 evaluation of the low income weatherization program is not needed as often as some other
18 energy efficiency programs is that an energy audit, usually a National Energy Audit Tool
19 (NEAT) audit, is conducted as part of the weatherization process so that only cost effective
20 measures are installed on the residences of the low income customer. This means that there is
21 greater certainty that the weatherization will be cost effective. This type of energy audit pre-

¹ Hall, Nicholas P. and Dr. John Reed, TecMRKT Oregon, Wisconsin, *Process and Impact Evaluation of Missouri Gas Energy's Pilot Weatherization Program*, March 30, 1998.
Op. cit. *An Impact Evaluation of the Missouri Gas Energy Low-Income Weatherization Pilot Program*, May 1999.

Surrebuttal Testimony of
Henry E. Warren

1 screening is not conducted for all of Ameren Missouri's Energy Efficiency Investment Act
2 (MEEIA) programs. If measures are implemented without an audit, there is less certainty that
3 the energy efficiency measures will be cost effective and the evaluation process is necessary
4 to verify the effectiveness of energy efficiency measures.

5 Q. What issues in the Rebuttal Testimony of the OPC witness, Mr. Ryan Kind,
6 will be addressed first?

7 A. Mr. Kind proposes several modifications to Staff's recommendations regarding
8 the evaluation of Ameren Missouri's low income weatherization program. Mr. Kind states on
9 Page 5, line 14, of his rebuttal:

10 Dr. Warren recommends that the natural gas portion of the evaluation of homes
11 weatherized in the UE LIWX program be limited to those homes where UE is
12 also providing the natural gas service. Public Counsel recommends that this
13 part of the Staff's proposal be modified so that it includes a representative
14 sample of homes that use both electricity and natural gas for space
15 conditioning, regardless of whether the natural gas service is provided by UE
16 or Laclede Gas Company (Laclede).

17
18 Staff agrees that the recommendation for the inclusion of natural gas savings as a
19 result of measures from weatherization implemented on Ameren Missouri low income electric
20 customers should be evaluated for both those customers who are also Ameren Missouri
21 natural gas customers and Laclede Gas customers.

22 Q. What issues in the Rebuttal Testimony of Mr. Kind will be addressed next?

23 A. Mr. Kind states on Page 6, line 16, of his rebuttal:

24 The Staff has recommended that a second evaluation be performed that focuses
25 on assessing the total usage reductions (both electric and gas instead of electric
26 only) and Public Counsel recognizes that a second evaluation with this
27 different focus will provide substantial incremental benefits relative to the
28 benefits that were achieved by only assessing impacts on electric usage in the
29 first evaluation. However, once this second evaluation is completed, parties
30 and the Commission should assess the value of any additional evaluations in
31 UE's next rate case.

Staff's recommendation was, "That the timing of any evaluation subsequent to the second biennial evaluation should be at the discretion of the Company in consultation with the stakeholder group, but not less often than every five years." This implied that any additional evaluations of Ameren Missouri's low income weatherization program should be done with due consideration of the marginal benefit of the evaluation and should be considered by the stakeholder group. Staff recognizes that its requirement for future evaluations is less restrictive than the OPC recommendation that additional evaluations be determined in a future rate case. Staff continues to recommend that the decision to conduct any evaluations beyond the second evaluation may be determined by Ameren Missouri and the stakeholder group outside of a rate case.

3. STAFF RECOMMENDATION

Q. What is Staff's recommendation regarding the Rebuttal Testimony of Ameren Missouri's witness Mr. Gregg Lovett?

A. Staff's recommendation remains that the Commission order Ameren Missouri to include in its next evaluation of the low income weatherization program the effect on natural gas usage as well as electric usage by customers receiving the weatherization.

Staff also continues to recommend that any evaluations beyond the second evaluation be the result of an Ameren Missouri decision based on the marginal value of another evaluation determined in consultation with the Energy Efficiency stakeholder group.

Q. Does this conclude your Surrebuttal Testimony?

A. Yes, it does.