

South Dakota Public Utilities Commission
Docket GE15-004
MidAmerican Energy Company
First Data Request

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Did the reduced furnace rebates in 2015 affect participation levels in the residential and nonresidential furnace programs? Please include a discussion on the status of the furnace programs to date, focusing on participation and spending.

Response:

MidAmerican has rebated 775 new residential furnaces with an AFUE of 95 or above thus far in 2015, which is 65 percent lower than 2015 year-end projection of 2,250. In 2014, MidAmerican rebated 1,306 residential furnaces with an AFUE of 95 or above. Additionally, 945 residential furnaces purchased in 2013 and for which a rebate application was received in 2014 prior to the processing cutoff date for 2013 rebate applications were processed in 2014. Incentives paid for 2015 residential furnaces total \$280,500, which is 65 percent lower than 2015 year-end projection of \$675,000.

MidAmerican has rebated 71 new nonresidential furnaces thus far in 2015 which is 61 percent lower than 2015 year end projection of 180. Incentives paid for 2015 nonresidential furnaces total \$91,350 which is 32 percent lower than the expected 2015 year-end projection of \$135,000.

MidAmerican identified the following as possible indicators for the lower than anticipated participation:

- From trade allies feedback:
 - the lower 2015 rebate structure - covers only approximately 50 percent of the incremental cost of purchasing a furnace with AFUE of 95 or above
 - limiting furnaces with AFUE of 95 or above to receive incentives-large number of customers are simply selecting the cheapest replacement option instead of the higher efficient option
 - lack of confidence in the continuous availability of the residential gas equipment program and associated program funding

MidAmerican expects the residential participation to increase in 2016 as trade allies become more comfortable with the program's stability. In 2016, MidAmerican anticipates conducting

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some additional promotional activities to enhance the level of customers' and trade allies' confidence and participation in the residential gas equipment program. MidAmerican expects continued volatility in the nonresidential market due to the relatively small addressable market of 9,300 nonresidential units, making projections more difficult year to year.