

**MidAmerican Energy Company**  
**South Dakota Energy Efficiency**  
**2012 Update**

Pursuant to the South Dakota Public Utilities Commission's (Commission) order in Docket Nos. EL07-015/GE11-002 on December, 28, 2011, MidAmerican Energy Company submits its proposed spending budget and savings targets for a one-year extension of its energy efficiency programs in South Dakota. MidAmerican expects participation in its South Dakota energy efficiency programs to increase in 2012 over 2011. This report provides MidAmerican's expected participation levels, savings impacts, and spending levels for 2012 programs. The 2012 Plan Update includes:

1. Budgets and anticipated participation levels for 2012
2. MidAmerican's performance incentive award for 2011

**1. Expected Budgets and Participation for 2012**

Expected participation levels and savings for MidAmerican's energy efficiency programs for 2012 are provided in Exhibit A. After reviewing actual results for 2009 through 2011, MidAmerican proposes the following expected participation levels and energy savings for 2012.

- MidAmerican is projecting total annual natural gas savings in 2012 of 185,502 therms, which is a decrease of 38,419 therms (17 percent) from 2011 results.
- MidAmerican is projecting total annual natural gas spending in 2012 of \$952,930, which is a decrease of \$123,018 (11 percent) from 2011.
- MidAmerican is projecting total annual electricity savings in 2012 of 727,867 kWh, which is an increase of 326,285 kWh (81 percent) over 2011.
- MidAmerican is projecting total annual electricity spending in 2012 of \$173,211, which is an increase of \$63,562 (58 percent) over 2011.
- Total residential spending for 2012 is expected to be \$934,851, which is a decrease of \$68,978 (seven percent) from 2011.

- Total nonresidential spending for 2012 is expected to be \$191,290, which is an increase of \$9,522 (five percent) over 2011.

**a. Residential Equipment**

MidAmerican is anticipating increased spending and savings impacts for the electric component of the Residential Equipment program, and decreased spending and impacts for the gas component. Total spending is expected to be approximately \$46,000 lower than 2011, with kWh savings expected to be approximately 55% higher and gas savings expected to be 19% lower than 2011. Changes from 2011 are driven by the following:

- Total rebates paid for central air conditioners jumped significantly from 2010 to 2011 and are expected to be higher still in 2012 due to expected replacements caused by flood damage.
- Ground source heat pump installations have increased steadily from 2009 through 2011 and are expected to continue to increase in 2012. MidAmerican expects a small number of replacements in 2012 due to flooding.
- High efficiency furnace installations are trending downward since the beginning of MidAmerican's programs in 2009, and are expected to come in below 2011 levels in 2012 even with an expected bump due to flood-related replacements.

**b. Residential Audit**

MidAmerican is anticipating small increases in savings from 2011 for both the electric and gas programs and decreased spending from 2011 levels.

- Increases in savings are driven by an expected increase in the number of residential electric audits and an expected 10% increase in the number of multi-family direct installation measures for the gas audit program.

- Decreases in spending are driven by expected decreases in the number of insulation measures installed by residential electric customers and an expected decrease in the total number of residential gas audits.

**c. Residential Load Management**

MidAmerican is anticipating increased spending for the Residential Load Management program in 2012 of approximately \$5,000 due to an increase of approximately 50 net customers in 2012. Peak demand savings are expected to increase from 2011 by approximately 70%, but total energy savings from the program are expected to decrease due to a reduction in the number of expected load control events in 2012 with a return to more normal summer weather.

**d. Nonresidential Equipment**

MidAmerican is anticipating increased spending and increased savings for both the electric and gas components of the Nonresidential Equipment program from 2011. Combined electric and gas spending is expected to be approximately \$23,000 higher than 2011, with kWh savings expected to more than double and gas savings expected to be 30% higher than 2011:

- Electric savings increases are expected to come primarily from variable speed drive measures. The expected level of variable speed drive installations is based on the average number of drives installed over the life of MidAmerican's energy efficiency programs. There were no variable speed drive measures installed in 2011.
- Gas savings are expected to increase due to slight increases in the number of high efficiency boilers and furnaces expected to be installed in 2012 over 2011.

**e. Nonresidential Custom**

MidAmerican's expected budget levels for 2012 represent an approximate increase of \$16,000 over 2011 levels, with savings impacts expected to be 12,000 therms higher than in 2011 and 25,000 kWh lower than in 2011. MidAmerican's budgets for 2012 are determined based on average participation for 2010 and 2011.

**f. Small Commercial Audit**

MidAmerican is anticipating increased spending and savings impacts for the electric component of the Small Commercial Audit program from 2011. The gas component of the program is expected to see decreases in both spending and savings. Combined electric and gas spending is expected to be approximately \$30,000 lower than 2011, with kWh savings expected to be approximately 3,800 kWh higher and gas savings expected to be 29,000 therms lower than 2011 which is primarily due to a reduction in the number of multi-family audits and associated direct-installed measures.

**2. Performance Incentive Award**

In March 2009, the Commission approved MidAmerican Energy Company's Energy Efficiency Plan in Docket No. EL07-015. This plan included a provision for a performance incentive award based on achieving a minimum level of electric kWh and natural gas therm savings. Once that threshold was met, the incentive was tied to net utility benefits, up to a predetermined cap. The resulting performance incentive dollars were then included in the cost recovery reconciliation and recovered in the following year's cost recovery factor.

In the 2010 South Dakota Plan Update filing made February 18, 2010, MidAmerican requested a change in its performance incentive calculation. MidAmerican proposed an incentive that provides a return on its energy efficiency expenditures, including the following elements:

- The return will be the rate of return in MidAmerican's most recent gas rate case in Docket No. NG-04-001.
- The incentive will be calculated separately for gas and electric.
- The incentive will be calculated by multiplying the authorized return by approved energy efficiency expenditures.
- An estimated incentive for the current year based on the Commission-approved energy efficiency budget for that year will be included in the cost recovery factor.
- The final incentive award will be determined in the next year's reconciliation and will be capped at a return on the lower of actual energy efficiency expenditures or the budget approved by the Commission.
- The final incentive will be reconciled with the cost recovery factor and any over or under collection will be recovered in the following period.

The Commission approved MidAmerican's revised incentive award calculation on April 6, 2010. Consistent with this approved incentive mechanism, MidAmerican is including an incentive award for 2011 of \$99,330.