

MidAmerican Energy Company South Dakota Energy Efficiency 2015 Energy Efficiency Plan Update

MidAmerican Energy Company's (MidAmerican) South Dakota energy efficiency plan was approved by the South Dakota Public Utilities Commission (PUC) in Docket No. GE12-005 on November 27, 2012. The savings targets and budgets approved in this plan for the Residential Equipment program included measures for central air conditioners and window air conditioners, programmable thermostats, air source heat pumps, and high efficiency furnace fans. The approved budgets for this program did not include spending or savings targets for furnaces or ground source heat pumps. In MidAmerican's 2012 Annual Report filing dated February 22, 2013, MidAmerican requested that furnaces and ground source heat pumps be included in the 2013-2017 plan and proposed budgets and savings targets for those measures. The PUC approved the inclusion of furnaces and ground source heat pumps for the 2013 plan year but declined to approve these measures for later years without a plan modification filing. In MidAmerican's 2014 Energy Efficiency Plan Update included in the 2013 Annual Report filing dated February 26, 2014, MidAmerican again requested that the PUC continue to approve furnaces and ground source heat pumps as part of MidAmerican's 2014 South Dakota energy efficiency plan offering and provided a proposed budget and savings targets for residential furnaces and ground source heat pumps. Additionally, MidAmerican also proposed to increase the budgets of its nonresidential electric and gas equipment programs to accommodate the additional participation related to furnaces and lighting measures. The PUC approved the inclusion of furnaces and ground source heat pumps for the 2014 plan year and approved MidAmerican's proposed budget increases for the nonresidential electric and gas programs. The PUC did not approve these measures for later years since MidAmerican indicated in their response to Data Request 1-9 that appropriate budgets for these measures past 2014 would be determined and included in next year's reconciliation process. With awareness and participation growing, it is essential that both customers and Trade Allies have confidence that energy efficiency program funding will be available throughout the year and to continue the uptick in program participation going forward. In this 2015 Energy Efficiency Plan Update MidAmerican is requesting approval for:

1. furnaces and ground source heat pumps to be included as part of MidAmerican's 2015 - 2017 South Dakota energy efficiency plan offerings
2. allowance to use 2015 residential gas equipment funding for furnaces to pay rebates for 2014 furnace applications received after December 31, 2014
3. the nonresidential equipment program budgets to be increased for nonresidential furnaces and lighting in MidAmerican's 2015 - 2017 South Dakota energy efficiency plan offerings.

Residential Furnaces

MidAmerican is requesting an annual budget of \$900,000 for 2015 through 2017 for the residential equipment furnace program. This figure is based on expected annual participation of 2,250 for 2015 -2017 and an average rebate per customer of \$400. The total proposed savings target for residential furnaces is 394,178 therms per plan year.

MidAmerican will continue to limit the furnace program to new furnaces that achieve an AFUE efficiency standard of 95% and above to encourage customers to choose higher efficiency equipment and to better control costs. However, the incentive for each furnace installation will be reduced from \$600 to \$400 per unit. On average, the incentive would be expected to cover approximately 65% of the incremental cost based on our updated residential furnace cost information.

Although MidAmerican received additional funding of \$550,142 for residential natural gas furnaces in November 2014, the additional funding was depleted prior to December 31, 2014. Incentives were provided to all applications received on or before December 31, 2014. If MidAmerican's request for a 2015 budget of \$900,000 is approved by the PUC, MidAmerican requests that those 2015 funds be available to pay rebates for all 2014 furnace applications received after December 31, 2014. MidAmerican estimates that by March 31, 2015 rebates for 2014 furnace applications received after December 31, 2014 but not processed will total approximately \$75,000.

Residential Ground Source Heat Pumps

MidAmerican is requesting an annual budget of \$32,000 for 2015 - 2017 for the residential equipment ground source heat pump program. This figure is based on expected annual participation of 16 for 2015 - 2017 and an average rebate per customer of \$2,000. The total proposed savings target for residential ground source heat pumps is 177,456 kWh per plan year.

Nonresidential Furnaces

MidAmerican is requesting an annual budget increase of \$241,767 for 2015 - 2017 for the nonresidential equipment furnace program. This figure is based on expected annual participation of 180 for 2015 - 2017 and an average rebate per customer of \$1,500. The total proposed savings target for nonresidential furnaces is 77,648 therms per plan year

Nonresidential Lighting

MidAmerican is requesting an annual budget increase of \$5,340 for 2015 - 2017 for the nonresidential equipment lighting program. This figure is based on expected annual participation of 142 installations for 2015 - 2017 and an average rebate per customer of \$67. The total proposed savings target for nonresidential lighting is 50,438 kWh per plan year

Impact on Total 2015 - 2017 Budgets

The approved budgets and savings targets for plan years 2015 - 2017 are as follows:

- Total annual natural gas savings **for 2015**: 100,064 therms
- Total annual natural gas spending: \$461,680
- Total annual electric savings: 342,116 kWh
- Total annual electric spending: \$107,865

The proposed inclusion of furnaces, ground source heat pumps and additional lighting to the residential and nonresidential equipment programs for 2015 will increase the total natural gas spending budget for 2015 to \$1,603,447 and the total electric spending budget for 2015 to \$145,205. Details of the impact of MidAmerican's proposed inclusion of furnaces, ground source heat pumps and additional lighting to the total 2015 proposed energy efficiency plan budget for South Dakota are provided in Exhibit A.

- Total annual natural gas savings **for 2016**: 100,141 therms
- Total annual natural gas spending: \$465,507
- Total annual electric savings: 346,242 kWh
- Total annual electric spending: \$109,424

The proposed inclusion of furnaces, ground source heat pumps and additional lighting to the residential and nonresidential equipment programs for 2016 will increase the total natural gas spending budget for 2016 to \$1,607,274 and the total electric spending budget for 2016 to \$146,764. Details of the impact of MidAmerican's proposed inclusion of furnaces, ground source heat pumps and additional lighting to the total 2016 proposed energy efficiency plan budget for South Dakota are provided in Exhibit A.

- Total annual natural gas savings **for 2017**: 100,192 therms
- Total annual natural gas spending: \$468,948
- Total annual electric savings: 349,771 kWh
- Total annual electric spending: \$110,944

The proposed inclusion of furnaces, ground source heat pumps and additional lighting to the residential and nonresidential equipment programs for 2017 will increase the total natural gas spending budget for 2017 to \$1,610,715 and the total electric spending budget for 2017 to \$148,284. Details of the impact of MidAmerican's proposed inclusion of furnaces, ground source heat pumps and additional lighting to the total 2017 proposed energy efficiency plan budget for South Dakota are provided in Exhibit A.