

MidAmerican Energy Company South Dakota Energy Efficiency 2016 Energy Efficiency Plan Update

MidAmerican Energy Company's (MidAmerican) 2013-2017 South Dakota energy efficiency plan was approved by the South Dakota Public Utilities Commission (Commission) 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. MidAmerican committed to seeking Commission approval for its Energy Efficiency Plan updates during the fourth quarter of the current plan year, starting with its 2016 Energy Efficiency Plan Updates. The following information provides a background to MidAmerican's Energy Efficiency programs and proposed 2016 Energy Efficiency Plan Updates.

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 Commission 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 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 additional participation related to furnaces and lighting measures. The Commission 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 Commission did not approve these measures for later years. In MidAmerican's 2015 Energy Efficiency Plan Update included in the 2014 Annual Report filing dated February 20, 2015, MidAmerican requested 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. approval to use 2015 residential gas equipment funding for furnaces to pay rebates for 2014 furnace applications received after December 31, 2014
3. nonresidential equipment program budgets to be increased for nonresidential furnaces and lighting in MidAmerican's 2015 - 2017 South Dakota energy efficiency plan offerings.

The Commission approved the inclusion of furnaces, ground source heat pumps for the 2015 plan year, use of 2015 funding to pay 2014 rebates and additional funding for nonresidential lighting for the 2015 plan year. However, the Commission required that MidAmerican reduce all furnace rebates by 50%.

In order to be able to reassure customers and Trade Allies about the continuing availability of energy efficiency program funding availability for energy efficiency programs at the start of each new plan year, MidAmerican committed to seeking approval for the following plan year's updates during the fourth quarter of the current plan year, starting with its 2016 Energy Efficiency Plan Updates. This filing is consistent with that commitment, and MidAmerican respectfully requests that the Commission approve its proposed 2016 plan updates before December 31, 2015. In this 2016 Energy Efficiency Plan Update MidAmerican is requesting approval for:

1. furnaces and ground source heat pumps to be included as part of MidAmerican's 2016 South Dakota energy efficiency plan offerings, with rebates set at 2015 plan levels
2. nonresidential equipment program budgets to be increased for nonresidential furnaces and lighting in MidAmerican's 2016 South Dakota energy efficiency plan offerings.

Residential Furnaces

MidAmerican is requesting an annual budget of \$540,000 for 2016 for the residential equipment furnace program. This figure is based on expected annual participation of 1,800 for 2016 and an average rebate per customer of \$300. The total proposed savings target for residential furnaces is 315,342 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. On average, the incentive would be expected to cover approximately 50 percent of the incremental cost based on our updated residential furnace cost information.

Residential Ground Source Heat Pumps

MidAmerican is requesting an annual budget of \$32,000 for 2016 for the residential equipment ground source heat pump program. This figure is based on expected annual participation of 16 for 2016 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.

Residential Clothes Washer

The U.S. Department of Energy (DOE) published a direct final rule to establish amended energy conservation standards for residential clothes washers in the Federal Register on May 31, 2012. One set of amended standards applies to all products manufactured in, or imported into, the United States on or after March 7, 2015. As a result of these amended standards, MidAmerican's benefit-cost ratio is less than 1.0 for this measure. Therefore, MidAmerican will not offer clothes washer incentives to South

Dakota electric customers starting January 1, 2016. Due to the low forecasted participation level (18) and budget (\$5,400) associated with this measure, no budget or savings revision is being recommended. MidAmerican will reallocate the budget associated with this measure to other electric measures within the residential portfolio for the remainder of this plan.

Nonresidential Furnaces

MidAmerican is requesting an annual budget increase of \$115,500 for 2016 for the nonresidential equipment furnace program. This figure is based on expected annual participation of 180 for 2016 and an average rebate per customer of \$750. The total proposed savings target for nonresidential furnaces is 86,400 therms per plan year.

Nonresidential Lighting

MidAmerican is requesting an annual budget increase of \$5,340 for 2016 for the nonresidential equipment lighting program. This figure is based on expected annual participation of 142 installations for 2016 and an average rebate per customer of \$67. The total savings target for nonresidential lighting will increase by 50,438 kWh per plan year.

Impact on Total 2016 Budget

The budgets and savings targets for plan year 2016 would be affected as follows:

- The original total annual natural gas savings for 2016 would be increased from 100,141 therms to 489,403 therms
- The total annual natural gas spending would be increased from \$465,507 to \$1,121,007
- The total annual electric savings would be increased from 346,242 kWh to 574,136 kWh
- The total annual electric spending would be increased from \$109,424 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.