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## STAFF MEMORANDUM

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**TO:** COMMISSIONERS AND ADVISORS  
**FROM:** LORENA REICHERT & AMANDA REISS  
**RE:** GE20-001 - In the Matter of the Filing by MidAmerican Energy Company for Approval of Its Reconciliation and Annual Report for 2019 and 2019 Reconciliation for the Energy Efficiency Cost Recovery Factor  
**DATE:** July 21, 2020

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### OVERVIEW

Since 2009, MidAmerican Energy Company (MidAmerican) offered energy efficiency programs to both electric and natural gas customers located within their service territory. In this docket, MidAmerican submitted its 2019 annual report, 2019 reconciliation of expenses and revenues, and proposed 2019 Energy Efficiency Cost Recovery (ECR) rates for Commission review and approval.

This memo provides a summary of MidAmerican's 2019 plan performance and Staff's recommendations.

### 2019 ENERGY EFFICIENCY PLAN RESULTS

In 2019, MidAmerican came in over budget for both gas and electric programs. Actual spending, energy savings, and further discussion are provided in detail below.

#### Electric Program Budgeted vs. Actuals

Results from MidAmerican's 2019 electric programs are provided in Table 1. Looking at energy savings, MidAmerican experienced less energy savings than forecasted. Combining all electric programs, energy savings were 156,579 kWh in 2019, or 11% less than the energy savings goal for the year. From a spending perspective, MidAmerican came in 18% above the budget in 2019 for all electric programs. Electric program spending was 43% over budget for residential programs and 28% under budget for nonresidential programs.

<b>Table 1. 2019 Electric Program Results Summary</b>						
<b>Program</b>	<b>Energy Savings (kWh)</b>			<b>Expenditures</b>		
	<b>Budgeted</b>	<b>Actual</b>	<b>Variance</b>	<b>Budgeted</b>	<b>Actual</b>	<b>Variance</b>
Residential Equipment	49,010	37,397	-24%	\$ 24,537	\$ 25,087	2%
Residential Load Management	2,288	0	-100%	\$ 17,725	\$ 39,409	122%
Appliance Recycling	14,092	12,633	-10%	\$ 4,391	\$ 2,231	-49%
<b>Total Residential</b>	<b>65,390</b>	<b>50,030</b>	<b>-23%</b>	<b>\$ 46,653</b>	<b>\$ 66,727</b>	<b>43%</b>
Nonresidential Equipment	109,792	106,549	-3%	\$ 24,804	\$ 17,830	-28%
<b>Total Nonresidential</b>	<b>109,792</b>	<b>106,549</b>	<b>-3%</b>	<b>\$ 24,804</b>	<b>\$ 17,830</b>	<b>-28%</b>
<b>Total All Electric Programs</b>	<b>175,182</b>	<b>156,579</b>	<b>-11%</b>	<b>\$ 71,457</b>	<b>\$ 84,557</b>	<b>18%</b>

### Gas Program Budgeted vs. Actuals

Results from MidAmerican's 2019 gas programs are provided in Table 2. Focusing on energy savings, the residential gas programs had 45% more energy savings than the goal and nonresidential gas programs had 79% fewer energy savings than the goal. Total energy savings for all programs in 2018 was 207,679 therms, or 25% more energy savings than the overall goal for the year.

Looking at spending, MidAmerican came in over budget for the residential gas program and under budget for nonresidential gas programs in 2019. Residential program spending was 21% over the budget and nonresidential program spending was 74% below the budget. In 2019, a total of \$624,839 was spent out of the approved \$553,158 budget.

<b>Table 2. 2019 Gas Program Results Summary</b>						
<b>Program</b>	<b>Energy Savings (therms)</b>			<b>Expenditures</b>		
	<b>Budgeted</b>	<b>Actual</b>	<b>Variance</b>	<b>Budgeted</b>	<b>Actual</b>	<b>Variance</b>
Residential Equipment	138,914	202,093	45%	\$ 504,393	\$ 612,004	21%
<b>Total Residential</b>	<b>138,914</b>	<b>202,093</b>	<b>45%</b>	<b>\$ 504,393</b>	<b>\$ 612,004</b>	<b>21%</b>
Nonresidential Equipment	27,137	5,586	-79%	\$ 48,765	\$ 12,835	-74%
Small Commercial Energy Audit	0	0	0%	\$ -	\$ -	0%
<b>Total Nonresidential</b>	<b>27,137</b>	<b>5,586</b>	<b>-79%</b>	<b>\$ 48,765</b>	<b>\$ 12,835</b>	<b>-74%</b>
<b>Total All Gas Programs</b>	<b>166,051</b>	<b>207,679</b>	<b>25%</b>	<b>\$ 553,158</b>	<b>\$ 624,839</b>	<b>13%</b>

**Benefit/Cost Analysis of Electric Programs**

Table 3 shows the 2019 benefit/cost test results for the electric programs. The total resource cost (TRC) test is highlighted in the table. This test is used by Staff to determine whether the program is cost effective. Overall, MidAmerican’s electric energy efficiency programs were demonstrated to be cost effective.

<b>Table 3. 2019 Electric Program Benefit/Cost Test Results</b>					
<b>Program</b>	<b>TRC</b>	<b>PART</b>	<b>RIM</b>	<b>UTILITY</b>	<b>SOCIETAL</b>
Residential Equipment	1.61	2.38	0.77	1.51	2.46
Residential Appliance Recycling	1.48	4.44	0.43	1.05	1.79
Nonresidential Equipment	1.25	3.34	0.44	2.08	2.35
<b>Total Electric Energy</b>	<b>1.41</b>	<b>2.96</b>	<b>0.56</b>	<b>1.71</b>	<b>2.38</b>
Residential Load Management	-	1	-	-	-

**Benefit/Cost Analysis of Gas Programs**

Table 4 shows the 2019 benefit/cost test results for the gas programs. Again, the total TRC test is highlighted in the table. All measures included in the gas program passed the TRC test threshold except for one. The residential equipment – furnace measure reported a TRC score of only 0.83<sup>1</sup>.

<b>Table 4. 2019 Gas Program Benefit/Cost Test Results</b>					
<b>Program</b>	<b>TRC</b>	<b>PAR</b>	<b>RIM</b>	<b>UTILITY</b>	<b>SOCIETAL</b>
Residential Equipment	0.84	1.23	0.69	2.34	1.39
Nonresidential Equipment	1.21	1.66	0.76	2.84	2.01
<b>Total Gas</b>	<b>0.85</b>	<b>1.23</b>	<b>0.69</b>	<b>2.35</b>	<b>1.14</b>

**2019 PERFORMANCE INCENTIVE**

Recovery of the 2019 performance incentive is included in the proposed electric and gas ECR rates for 2020. Since both the gas and electric programs came in over budget in 2019, the performance incentives were calculated using budgeted program costs. The electric program has an incentive of \$4,944 and the gas program has an incentive of \$38,279. They are included in their respective ECR factors for recovery in 2020.

**2020 ENERGY EFFICIENCY COST RECOVERY FACTORS**

Staff reviewed MidAmerican’s calculations for the gas and electric 2020 ECR factors and found the factors to be properly calculated. All ECR factors, except for the electric nonresidential factor, are proposed to be reset to zero with the January 2021 billing month.

The company is proposing that the electric nonresidential factor be deemed fully reconciled, as the

<sup>1</sup> See Exhibit E, Page 12 of 15, included in MidAmerican’s initial filing.

factor has an over collection of less than \$5,000. This proposal is in line with the reconciliation methods used in GE17-003, where factors with a collection of the absolute value of \$5000 are considered fully reconciled. This treatment will be used when the company files any further reconciliations to these factors in April 2021.

Table 5, below, provides the proposed 2020 electric ECR factors and the estimated annual bill impact for a typical customer’s utility bill from the current ECR rates.

<b>Program</b>	<b>Class</b>	<b>Current ECR Factor</b>	<b>Proposed ECR Factor</b>	<b>Difference</b>	<b>Average 2020 Fall Usage<sup>1</sup></b>	<b>Estimated Annual Bill Impact</b>
<b>Electric</b>	Residential	\$ -	\$ 0.00103	\$ 0.00103	4,742	\$ 4.88
	Nonresidential	\$ -	\$ -	\$ -	N/A	\$ -
<b>Gas<sup>[2]</sup></b>	Residential	\$ -	\$ 0.00785	\$ 0.00785	209	\$ 1.64
	Nonresidential	\$ -	\$ (0.00117)	\$ (0.00117)	1,713	\$ (2.00)

1) Average Fall 2020 Usage was calculated based on August-December 2019 actual sales and customers

2) Current Factor was approved in GE19-002

### **STAFF RECOMMENDATIONS**

Staff makes the following recommendations to the Commission:

- 1) That the Commission approve the 2019 reconciliation amounts;
- 2) That the Commission approve the 2019 fixed percentage incentive, and;
- 3) That the Commission approves the gas and electric Energy Efficiency Cost Recovery Factors and tariff sheets filed on June 30, 2020, with an effective date of July 30, 2020.