

Exhibit No.:
Issues: Energy Efficiency Programs
Witness: Jason Huffman
Sponsoring Party: MO PSC Staff
Type of Exhibit: Rebuttal Testimony
Case No.: ER-2014-0351
Date Testimony Prepared: March 9, 2015

MISSOURI PUBLIC SERVICE COMMISSION

REGULATORY REVIEW DIVISION

REBUTTAL TESTIMONY

OF

JASON HUFFMAN

THE EMPIRE DISTRICT ELECTRIC COMPANY

CASE NO. ER-2014-0351

Jefferson City, Missouri
March 2015

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Q. Please state your name and business address.

A. Jason Huffman, 200 Madison Street, Jefferson City, MO 65102.

Q. By whom are you employed and in what capacity?

A. I am employed by the Missouri Public Service Commission (“Commission”) as a Utility Regulatory Auditor II.

Q. Please describe your educational background and experience.

A. I graduated from the Columbia College with a Bachelor’s of Science degree majoring in Accounting and Finance in May 2009. In December 2011, I graduated from William Woods with a Master’s of Business Administration with an emphasis in Accounting. Prior to joining the Commission in June 2013, I was employed as a Credit Analyst with Hawthorn Bank. As a Credit Analyst, I assisted commercial loan officers with making credit decisions by examining the profitability and collateral position of commercial loan projects.

Q. What is the purpose of your rebuttal testimony?

A. The purpose of my rebuttal testimony is to address the direct testimony of The Empire District Electric Company (“Empire”) witness W. Scott Keith regarding the termination of Empire’s current energy efficiency programs and cancellation of existing programs’ tariff sheets when the new rates for this case are effective.

Q. Please describe Empires’ current energy efficiency programs.

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1 A. Empire started its seven energy efficiency programs during the 2005 – 2009
2 timeframe as the result of a stipulation and agreement in File No. EO-2005-0263 (Approval of
3 an Experimental Regulatory Plan). Empire also conducts quarterly meetings with its demand-
4 side management advisory group (“DSMAG”) members to receive stakeholder feedback and
5 advice regarding programs’ objectives; screening and pre-implementation evaluation of
6 potential programs; program design; and post-implementation evaluation of programs.
7 During 2013 Empire’s seven energy efficiency programs resulted in incremental annual
8 energy savings of approximately 6,080 MWh at a total cost of \$1.2 million. Schedule JH-1
9 contains information concerning Empire’s pre-MEEIA programs from the Status Report in
10 File No. AO-2011-0035.

11 Q. Why is Empire requesting that its current energy efficiency programs be
12 terminated?

13 A. Empire is requesting the termination of its current programs and programs’
14 tariff sheets, because Empire made an October 2013 application under the Commission’s
15 Missouri Energy Efficiency Investment Act (“MEEIA”) rules (Case No. EO-2014-0030) for
16 approval of a portfolio of energy efficiency programs that would replace the existing
17 programs. Empire’s MEEIA filing also has an improved cost recovery mechanism that
18 enables Empire to continue to offer energy efficiency alternatives to its customers without the
19 financial disincentives associated with the existing pre-MEEIA cost recovery methodology.

20 Q. What is current status of Empire’s current MEEIA application (Case No.
21 EO-2014-0030) which was filed in October 2013?

22 A. Despite its efforts to improve its MEEIA programs and its demand-side
23 programs investment mechanism (“DSIM”), Empire has been unable to gain support for its

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1 MEEIA plan from its stakeholders. On November 24, 2014, Missouri Public Service
2 Commission Staff (“Staff”) supplied Empire with a list of deficiencies that needed to be
3 further addressed in Empire’s November 10, 2014 proposed draft stipulation and agreement
4 (“Agreement”). To date, Empire has addressed only a few of Staff’s listed deficiencies.

5 Q. Has Empire discussed with its DSMAG members its plans to discontinue its
6 current programs effective with new rates in this rate case?

7 A. No.

8 Q. What is your recommended treatment of Empire’s pre-MEEIA energy
9 efficiency programs and existing programs’ tariff sheets?

10 A. I recommend that Empire’s existing pre-MEEIA programs and existing
11 programs’ tariff sheets remain in effect, since the programs are small and are being used by
12 customers. Also, this general rate case is not the time to discontinue these programs and
13 cancel the tariff sheets. Historically, pre-MEEIA programs and programs’ tariffs of Ameren
14 Missouri, KCP&L Greater Missouri Operations, and Kansas City Power & Light have been
15 terminated at the same time the Commission-approved MEEIA programs and MEEIA
16 programs’ tariff sheets became effective. Empire should request their pre-MEEIA programs
17 and tariffs to be discontinued when their MEEIA portfolio is approved by the Commission.

18 Q. Does this conclude your testimony?

19 A. Yes.

The Empire District Electric Company

Prepared by: John Rogers and Hojong Kang

Date: July 10, 2014

Name and Description: DSM Advisory Group was ordered and approved as part of the Global Agreement in File No. ER-2011-0004 and replaced the former Customer Programs Collaborative.

Meetings: DSM Advisory Group meetings are normally held quarterly via teleconference.

Participants:

- Regular: Empire, Staff, OPC, MO-DE, and Dogwood Energy, L.L.C.
- Occasional: Praxair and Missouri Joint Municipal Electric Utility Commission.
- Consultants: Applied Energy Group.
- Commission EMV Auditor: Johnson Consulting Group.

Programs Summaries: See Attachment D.

Effectiveness of Participants: Empire encourages participation and critical feedback from DSM Advisory Group members. All participants freely express their points of view and provide advice. The meetings are efficient and effective overall.

Success Stories:

- DSM Advisory Group has functioned well and has made timely changes to program designs as a result of lessons learned and EMV reports.
- Empire contracted with Applied Energy Group to perform a DSM Market Potential Study which was published in Empire's Chapter 22 triennial compliance filing, File No. EO-2013-0547, filed on July 1, 2013, and in its annual update filings, File No. EO-2014-0243, filed on March 11, 2014.

Challenges:

- Empire filed its first MEEIA application on February 28, 2012, in File No. EO-2012-0206. Empire withdrew its first MEEIA application on July 5, 2012. Empire filed its second MEEIA application on October 29, 2013, in File No. EO-2014-0030; however, the procedural schedule was suspended on January 14, 2014. Empire's last Chapter 22 integrated resource analysis in File No. EO-2013-0547 found that Empire's "No DSM" alternative resource plan has the lowest long-run utility cost (20-year present value of revenue requirements).

MO PSC CASE NO. AO-2011-0035
STATUS REPORT ON ENERGY EFFICIENCY
July 2014

Summary Comments:

Empire spent a total of \$1,210,418 for demand-side programs during 2013 and achieved 6,080 MWh of deemed annual energy savings. Program level information for 2013 is in Attachment D.

**DSM Advisory Group Annual Report:
Programs' and Portfolio
Costs & Energy Savings**

**Utility: Empire District Electric
Report Date: 02/25/14
Period: 01/02/13 - 12/31/13**

Programs' Costs (Recorded)	1ST QUARTER	2ND QUARTER	3RD QUARTER	4TH QUARTER	YTD TOTAL
ENERGY STAR® New Homes Program	\$ 61,666	\$ 40,763	\$ 97,600	\$ 81,000	\$ 281,029
High Efficiency AC Rebate Program	\$ 32,516	\$ 69,639	\$ 72,984	\$ 30,815	\$ 205,953
Home Performance with ENERGY STAR® Program	\$ 11,466	\$ 9,526	\$ 400	\$ 1,600	\$ 22,992
Low-Income New Homes	\$ 1,372	\$ -	\$ -	\$ -	\$ 1,372
Low-Income Weatherization	\$ 26,723	\$ 32,366	\$ 40,170	\$ 92,019	\$ 191,278
Building Operator Certification	\$ -	\$ -	\$ -	\$ -	\$ -
Commercial & Industrial Rebate Program	\$ 158,176	\$ 67,239	\$ 111,793	\$ 170,586	\$ 507,794
Incremental All Programs' Costs	\$ 291,919	\$ 219,533	\$ 322,947	\$ 376,020	\$ 1,210,418
Cumulative All Programs' Costs	\$ 291,919	\$ 511,451	\$ 834,398	\$ 1,210,418	

Programs' Energy Savings (MWh)	1ST QUARTER	2ND QUARTER	3RD QUARTER	4TH QUARTER	YTD TOTAL
ENERGY STAR® New Homes Program	78	52	209	185	524
High Efficiency AC Rebate Program	88	222	164	90	563
Home Performance with ENERGY STAR® Program	25	4	2	5	36
Low-Income New Homes	1	0	0	0	1
Low-Income Weatherization	27	35	34	74	170
Building Operator Certification					
Commercial & Industrial Rebate Program	1,652	1,025	982	1,127	4,785
Incremental Total Energy Savings (MWh)	1,871	1,338	1,390	1,481	6,080
Cumulative Total Energy Savings (MWh)	1,871	3,209	4,600	6,080	