

Exhibit No.:
Issues: Energy Efficiency Programs
Witness: Brenda Wilbers
Sponsoring Party: Missouri Department of
Natural Resources - Energy
Center
Type of Exhibit: Surrebuttal Testimony
Case No.: ER-2008-0093

EMPIRE DISTRICT ELECTRIC COMPANY ELECTRIC RATE CASE

SURREBUTTAL TESTIMONY

OF

BRENDA WILBERS

MISSOURI DEPARTMENT OF NATURAL RESOURCES

ENERGY CENTER

APRIL 25, 2008

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

CASE NO. ER-2008-0093

1 **Q. Please state your name and address.**

2 A. My name is Brenda Wilbers. My business address is Missouri Department of Natural
3 Resources, Energy Center, 1101 Riverside Drive, P.O. Box 176, Jefferson City, Missouri
4 65102-0176.

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

6 A. I am employed by the Missouri Department of Natural Resources as the manager of the
7 Energy Policy and Analysis Program in the Missouri Energy Center (MEC). The MEC is
8 located within the Missouri Department of Natural Resources, Policy Division, an agency
9 of state government with its executive office located in Jefferson City, Missouri.

10 **Q. On whose behalf are you testifying?**

11 A. I am testifying on behalf of the Missouri Department of Natural Resources (MDNR), an
12 intervenor in these proceedings.

13 **Q. Are you the Brenda Wilbers who presented Direct Testimony in this case before the**
14 **Missouri Public Service Commission (“Commission”)?**

15 A. Yes.

16 **Q. What is the purpose of your Surrebuttal Testimony?**

17 A. The purpose of my surrebuttal testimony is to respond to Empire witnesses W. Scott Keith
18 and Sherrill L. McCormack regarding demand-side management programs (“DSM
19 programs”).

20 **Q. Do you agree with Mr. Keith’s statements that “Empire’s IRP case... has nothing to**
21 **do with Empire’s rate case....” and that any concerns related to DSM should be**
22 **addressed to the CPC? (Keith rebuttal, pg. 10-11)**

23 A. No, I do not. The Commission itself has recognized the relationship between rate cases and

1 IRP filings. One need only look as far as the most recent AmerenUE electric rate case, ER-
2 2007-0002. I refer specifically to the Findings of Fact and Conclusions of Law regarding
3 DSM on page 111 of the Report and Order issued in this case. From the Findings of Fact:

4 The Commission finds that demand side management programs must be a vital
5 part of AmerenUE's resource mixture. The Commission agrees that the setting
6 of demand side management targets for AmerenUE to attain through the
7 integrated resource planning process is reasonable.
8

9 And, from the Conclusions of Law:

10 The Policy Objectives section of the Commission's integrated resource planning
11 rule, 4 CSR 240-22.010(2), requires a utility to:

12 (A) Consider and analyze demand-side efficiency and energy
13 management measures on an equivalent basis with supply-side
14 alternatives in the resource planning process.
15

16 It is relevant to consider IRP information in light of a rate case. The two are very much
17 intertwined. For example, projected impacts on load from DSM programs are considered in
18 Empire's resource planning. If the DSM programs are not implemented as proposed, the
19 projected load impacts will not be achieved. The DSM programs in an IRP plan provide an
20 indicator of the level of DSM expenditures that should be reported in a rate case, and the
21 level of DSM expenditures in a rate case will reflect the progress made in implementing
22 DSM programs.

23 **Q. Do you agree with Mr. Keith's statements that assert there are no deficiencies in**
24 **Empire's IRP filing in EO-2008-0069 and that the parties are only in the "process of**
25 **resolving differences of opinion"?** (Keith rebuttal, pg. 10-11)

26 A. No. My use of the term "deficiencies" is from the Commission's integrated resource
27 planning rule which uses this term. The Commission rule specifies that Staff shall make a
28 filing "that identifies any deficiencies in the electric utility's compliance with the provisions

1 of this chapter, any major deficiencies in the methodologies or analyses required to be
2 performed by this chapter and any other deficiencies which, in its limited review, the staff
3 determines would cause the electric utility's resource acquisition strategy to fail to meet the
4 requirements identified in 4 CSR 240-22.010(2)(A)–(C).” (4 CSR 240-22.080 (5), emphasis
5 added) OPC and all other intervening parties, and in this case DNR, “may file a report or
6 comments based on a limited review that identify any deficiencies in the electric utility's
7 compliance with the provisions of this chapter, any deficiencies in the methodologies or
8 analyses required to be performed by this chapter, and any other deficiencies which the
9 public counsel or intervenor believes would cause the utility's resource acquisition strategy
10 to fail to meet the requirements identified in 4 CSR 240-22.010(2)(A)–(C).” (4 CSR 240-
11 22.080 (6), emphasis added)

12 Furthermore, following the filing by the Staff and/or any other party of a report of
13 deficiencies, that party, or those parties, “shall work with the electric utility and the other
14 parties to reach, within forty-five (45) days of the date that the report or comments were
15 submitted, a joint agreement on a plan to remedy **the identified deficiencies.**” (4 CSR 240-
16 22.080 (5), emphasis added)

17 **Q. Do you agree with Ms. McCormack's statement in her rebuttal testimony that the**
18 **“annual DSM expenditures have differed from the budget primarily due to the timing**
19 **of program implementation”?**

20 A. Yes, I do. In my review of the DSM expenditures, I compared the total expenditures of the
21 portfolio of DSM programs to the overall budget for the portfolio of DSM programs
22 approved by the CPC, as opposed to examining each individual program's expenditures to
23 the yearly budget for that program only. Ms. McCormack and I have actually demonstrated

1 two very different methodologies for gauging the expenditures, and by association the
2 commitment, to DSM efforts.

3 The method I used to assess the commitment to DSM was based on a five year commitment
4 to a *portfolio* of programs. All expenditures for the entire *portfolio* of DSM programs
5 would be booked to the regulatory asset account in five years, and the completion of the
6 amortization of all the expenditures in fifteen (15) years based on the application of a ten
7 year amortization. With implementation of the *portfolio* beginning in the fall of 2006, the
8 end of the amortization would be the fall of 2021.

9 Ms. McCormack's method is based on *each program* within the portfolio having a five year
10 commitment. The accumulation of the expenditures for the portfolio began with the first
11 expenditure associated with the first DSM *program* to be implemented, and will end five
12 years after the last *program* is implemented. The Low Income Efficiency (Weatherization)
13 program and the Change A Light program were both implemented on September 5, 2006,
14 and the latest program, the Building Operator Certification Program ("BOC"), was
15 implemented February 21, 2008. If the BOC were the last program in the DSM portfolio,
16 the amortization would end in early 2023. However, since the final two programs in the
17 DSM portfolio (Home Performance with ENERGY STAR® and ENERGY STAR® Homes)
18 are not yet implemented, complete amortization will not be completed until fifteen years
19 from the date of implementing the last of these two programs.

20 **Q. Is one of these approaches better than the other?**

21 A. I would not characterize one as necessarily better than the other. They are simply two
22 different ways to measure expenditure activity. However, it is necessary to understand

1 which approach is being applied when discussing the implementation status of a DSM
2 portfolio and of individual programs.

3 **Q. Why is it necessary to understand which approach is being used in light of a rate case?**

4 A. Primarily, it is necessary to know what methodology is being used to understand what DSM
5 expenditures are going to appear in the regulatory asset account, the timing of those
6 expenditures, as well as the amortization activity that will be recorded in the company's
7 financial records.

8 **Q. Why do you think this difference in methodologies came to light in the course of this**
9 **rate case?**

10 A. I believe that the communication and information provided to the CPC could be improved.

11 As I mentioned in my Direct Testimony in this case, the CPC, was established by a
12 Stipulation and Agreement approved by the Commission in Case No. EO-2005-0263,
13 Empire's application for the approval of an Experimental Regulatory Plan. It was agreed in
14 the Stipulation and Agreement that Empire would meet with and provide updates to the
15 CPC at least every six months.

16 **Q. Do you have any suggestions for improving the communications and information**
17 **provided to the CPC?**

18 A. Yes, I do. I believe this case has demonstrated a need for more interaction between the
19 CPC and Empire. I request that the Commission direct Empire to meet with the CPC on at
20 least a quarterly basis, as well as to provide interim e-mailed updates to the CPC members
21 as necessary, to facilitate timely action on items that need attention.

22 **Q. Do you have suggestions regarding the information that Empire should provide to the**
23 **members of the CPC at the CPC meetings and in the e-mailed updates?**

1 A. Yes, I do. In addition to what is currently required, I request that information on marketing
2 activities for each DSM program should be provided by Empire at each quarterly meeting.
3 Currently, Empire is required to provide the status of program implementation including the
4 amount of expenditures for each program and the level of customer participation; the status
5 of program evaluations including evaluation consultants chosen, evaluation budgets,
6 evaluation expenditures and copies of completed evaluations; and the status of new
7 program selection and design efforts, including copies of program screening results.

8 **Q. Do you have any other suggestions for improved communications between Empire**
9 **and the CPC?**

10 A. Yes. I request that the Commission direct Empire to develop a marketing and resource plan
11 for each DSM program. These marketing and resource plans should include the following
12 items, and should be updated each program year:

- 13 1. Plan Overview that includes:
 - 14 Definition of the program
 - 15 Effective date of the tariff
 - 16 Pertinent company contacts, i.e. program director, program coordinator,
17 product manager, etc.
- 18 2. Objective of the Program including:
 - 19 Measures and incentives including marketing budget
- 20 3. Defined Target Market including:
 - 21 Program customer demographics
 - 22 Target vendors / Trade ally demographics (if appropriate)
- 23 4. Program Promotion and Delivery Plan that includes:
 - 24 Details on scheduled promotional events and activities
 - 25 Details on promotional materials
- 26 5. Program Process
- 27 6. Expectations of the Program

28
29 I also request the Commission direct Empire to provide an annual progress report for each
30 program beginning one year from the program's effective date. The annual progress reports
31 shall include, but not be limited to:

- 1 1) expenditures for each program by budget category (program delivery, project
- 2 management, marketing and customer incentives),
- 3 2) projected annual energy savings for each program if available,
- 4 3) number of customers participating in the program; and
- 5 4) marketing activities.
- 6

7 **Q. Do you have any other suggestions?**

8 A. Yes. While reviewing the structure of the CPC, I noted that the CPC's oversight of

9 Empire's DSM programs does not include the authority to acquire a consultant to administer

10 and implement one or more programs if the CPC determines this is necessary to achieve the

11 objective(s) of the program(s). I also noted that the structure of the CPC does not provide a

12 process to take issues related to DSM program *implementation* to the Commission if such

13 issues cannot be resolved by the CPC. I request that the Commission give the CPC the

14 authority to acquire implementation and/or administrative consultant(s) if, in the judgment

15 of the CPC, this is necessary to advance program implementation. I also request that if

16 there are issues regarding DSM program implementation that the Staff, Public Counsel,

17 interested non-IOU signatory parties and Empire cannot resolve, the Commission allow any

18 such party to take the issues(s) to the Commission for resolution.

19 **Q. Does this conclude your testimony?**

20 A. Yes, it does. Thank you.