

FILED

SEP 29 2006

STATE OF MISSOURI
PUBLIC SERVICE COMMISSION

Missouri Public
Service Commission

In the Matter of Empire District Electric)
Company and Its Tariff Filing to Implement a)
General Rate Increase for Electric Service)

Case No. ER-2006-0315

FILED⁴

JUN 23 2006

AFFIDAVIT OF BRENDA WILBERS

Missouri Public
Service Commission

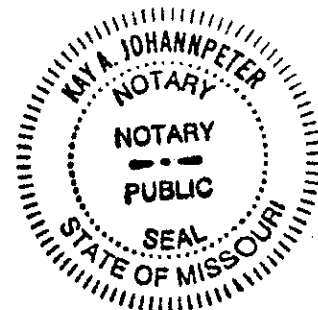
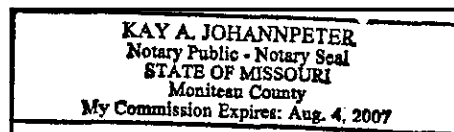
STATE OF MISSOURI)
)
COUNTY OF COLE) ss.

Brenda Wilbers, being duly sworn on her oath, hereby states that she has participated in the preparation of the foregoing Testimony in question and answer form; that the answers in the foregoing Testimony were given by her; that she has knowledge of the matters set forth in such answers; and that such matters were true and correct to the best of her knowledge, information and belief.

Brenda Wilbers
Brenda Wilbers

Kay A. Johannpeter
Notary Public

My commission expires:



Subscribed and sworn before me this 22nd day of June 2006.

DNR Exhibit No. 89
Case No(s). ER-2006-0315
Date 9-06-05 Rptr AF

Exhibit No.:
Issues: Energy Efficiency Programs
Witness: Brenda Wilbers
Sponsoring Party: Missouri Department of Natural
Resources - Energy Center
Type of Exhibit: Direct Testimony
Case No.: ER-2006-0315

EMPIRE DISTRICT ELECTRIC COMPANY ELECTRIC RATE CASE

DIRECT TESTIMONY

OF

BRENDA WILBERS

MISSOURI DEPARTMENT OF NATURAL RESOURCES

ENERGY CENTER

June 23, 2006

**BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI**

**DIRECT TESTIMONY OF
BRENDA WILBERS**

**MISSOURI DEPARTMENT OF NATURAL RESOURCES
ENERGY CENTER**

CASE NO. ER-2006-0315

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 director 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 of
9 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. Please describe your educational background and business experience.**

14 A. I received a Bachelor of Science degree in 1985 from Lincoln University and a Master's in
15 Public Administration degree in 1996 from the University of Missouri-Columbia. I have
16 worked as a performance auditor for the Missouri Joint Committee on Legislative Research.
17 In this capacity, I participated in performance reviews of various state agencies and prepared
18 fiscal notes for legislative proposals. Prior to becoming the director of the Energy Policy and
19 Analysis Program in 1999, I worked as an environmental policy analyst in the Department of
20 Natural Resources Director's Office for two years. From 1991 to 1999, I was an energy
21 planner in the Energy Center. As director of the Energy Policy and Analysis Program, my
22 areas of responsibility include analysis and development of energy policy recommendations,
23 legislative issues, strategic planning, energy emergency planning, monitoring energy prices

and supplies, and working with energy utilities and other partners to develop energy efficiency programs and assessments of Missouri's wind energy.

Q. What is the purpose of your direct testimony in these proceedings?

A. The purpose of my testimony is to address Empire District Electric Company's (Empire's) commitment to Demand Side Management (DSM) programs.

Q. Please describe Empire's commitment to DSM programs.

A. Case No. EO-2005-0263 addressed Resource Plan and Customers Programs Development in the Stipulation and Agreement, Section III. (F), (hereafter the "2005 Regulatory Plan") setting out processes for each. The Regulatory Plan includes an agreement that Empire submit a detailed resource plan in July 2006. It also established a Customer Programs Collaborative (CPC) comprised of "Staff, Public Counsel, MDNR, Empire and any other interested non-IOU signatory Party" to "make decisions pertaining to the development, implementation, monitoring and evaluation of Empire's Affordability, Energy Efficiency and Demand Response Programs (Customer Programs)."

Q. Does Empire address long-term resource planning and DSM programs in its filing in this case?

A. Yes. Mr. Todd Tarter's testimony refers to Empire's Long-Term Resource Planning Process in Missouri (Schedule TWT-7) and the CPC, and Ms. Sherrill McCormack discusses existing DSM and Affordability programs and refers to additional programs being planned in coordination with the CPC.

Q. Have there been meetings with Empire regarding the company's long-term resource plan and meetings of the CPC?

46 A. Yes. Empire has held several meetings with interested parties to provide updates on the
47 development of its resource plan. The CPC began meeting in the fall of 2005.

48 **Q. What is the status of DSM program planning in coordination with the CPC?**

49 A. As Ms. McCormack states in her testimony, the CPC has selected a DSM implementation
50 consultant, Applied Energy Group (AEG), to assist in the selection of DSM and affordability
51 programs in addition to those established in Case No. ER-2004-0570 (hereafter the "2004
52 Rate Case"), and the CPC also plans to hire a consultant to perform program evaluations.
53 With input from the CPC, AEG developed a portfolio of eight DSM affordability and energy
54 efficiency programs to be implemented over five years, beginning in 2006. The CPC
55 accepted the final draft of the DSM Program Portfolio in May 2006.

56 **Q. What is MDNR's position on the progress of the CPC?**

57 A. MDNR is participating as a member of the CPC and is pleased with its progress. MDNR
58 supports implementation of the affordability and energy efficiency programs included in the
59 DSM Program Portfolio. We believe the programs represent an appropriate mix of energy
60 efficiency programs targeted to low-income, residential and commercial customers that will
61 give Empire valuable experience in program design, implementation and evaluation. We
62 also believe that an ongoing and increasing commitment to DSM beyond the initial five-year
63 portfolio will be necessary to realize the full positive effects of energy efficiency on
64 consumption and capacity needs.

65 **Q. Is MDNR aware of Empire's current DSM and affordability programs?**

66 A. Yes. Ms. McCormack identifies a Residential Market Assessment study and three programs
67 established by Empire as a result of the 2004 Rate Case: Energy Star Change-a-Light
68 (\$20,000 annually), Commercial Energy Audit (\$25,000 annually) and Low-Income

Weatherization (\$155,000 annually). The agreement provided for Empire to meet with Staff, Public Counsel, DNR Energy Center and any other interested signatories "on a collaborative basis to determine the design, operational and administrative details of these programs."

The Residential Market Assessment Study was initiated by the AmerenUE Residential and Commercial Energy Efficiency Collaborative and coordinated with several other Missouri electric utilities including Empire, to provide a statewide perspective. The purpose of the study, which is expected to be completed in the summer of 2006, is to determine the current market saturation of residential technologies, products and practices and evaluate opportunities for efficiency measures. By participating in the study, a sample of Empire's customers has been surveyed and the data collected will be available to Empire to help identify effective energy efficiency efforts.

Q. Did MDNR Energy Center meet with Empire and other parties on a collaborative basis regarding the DSM and Affordability programs approved in the 2004 Rate Case?

A. Yes. The Stipulation and Agreement in Case No. ER-2004-0570 was approved on March 10, 2005 with an effective date of March 27, 2005. The collaborative met for the first time on May 17, 2005 and held subsequent meetings in June and August 2005.

Q. What is the status of implementation of the programs agreed to in the 2004 Rate Case?

A. Empire participated in the 2005 regional Change-a-Light Program in October through December 2005. Empire also provided funding to community action agencies in its service territory to provide Low-income Weatherization Assistance to Empire electric customers. A tariff was filed for the Commercial Audit Program, but I am not aware that any funds have been expended. There was a fourth program (an Appliance and HVAC Rebate Program) included in this stipulation to be funded at \$100,000 annually that has not been implemented.

92 **Q. Why was the Appliance and HVAC Rebate Program not implemented?**

93 A. A status report was filed by Staff on May 26, 2005 under Case No. EO-2005-0386 regarding
94 development of program criteria of the four energy efficiency programs. It states that Staff,
95 Public Counsel, Empire and DNR Energy Center met and agreed to accumulate the funds for
96 the Appliance and HVAC Rebate Program (\$100,000 annually) through the summer of 2005
97 because of concerns that there was not sufficient time to design and implement an air
98 conditioner rebate program that was being considered for the summer of 2005, and also that
99 one year of funding might not be adequate to implement a refrigerator/freezer program that
100 was also under consideration by the Collaborative.

101 **Q. How did the DSM Collaborative established in the 2004 Rate Case work with the CPC**
102 **established by the 2005 Regulatory Plan?**

103 A. The 2005 Regulatory Plan states that "The CPC will coordinate its activities with Empire's
104 existing customer programs and Empire's IRP process in order to reduce any redundancy and
105 to increase the effectiveness of these related activities." (Section III.F.2. Customer Programs
106 Collaborative -- Affordability, Energy Efficiency, and Demand Response Programs) The
107 Regulatory Plan was approved by the Commission on August 2, 2005 and had an effective
108 date of August 12, 2005. At its August 11, 2005 meeting, the collaborative from Case No.
109 ER-2004-0570 decided to wait until the CPC was established and then discuss how to
110 coordinate the activities of both DSM collaboratives.

111 **Q. How did the CPC address implementation of the DSM programs agreed to in the 2004**
112 **Rate Case?**

113 A. At its first meeting on November 10, 2005, the CPC (which included all members of the
114 DSM Collaborative from the 2004 Rate Case and one additional member) agreed that it

would address implementation of these programs as part of its objective to develop a portfolio of DSM programs. The CPC recommended that the existing DSM programs (Change-a-Light, Low-income Weatherization and Commercial Audits) would continue to be implemented as part of the portfolio of programs; similar programs are included in the Final Draft accepted by the CPC. The CPC recommended that the Appliance and HVAC Rebate Program for residential customers would also be incorporated into the DSM portfolio rather than be designed and implemented as a separate program. A comparable program is included in the portfolio -- a High Efficiency Central Air Conditioning (CAC) Program for residential customers that includes rebates and verification of training for heating, ventilation and air conditioning contractors. This program is targeted for implementation in the Spring of 2007.

Q. Did the CPC address how to account for revenues and expenditures of the DSM programs from the 2004 Rate Case if they are implemented as part of the DSM Portfolio under the 2005 Regulatory Plan?

A. Yes. The CPC recognized that the unexpended revenues collected by Empire to implement the programs in the 2004 Rate Case needed to be reconciled in some way if the DSM programs are to be implemented as part of the DSM portfolio of programs developed pursuant to the 2005 Regulatory Plan. The Regulatory Plan provides for DSM program costs to be accumulated in a regulatory asset account as the costs are incurred and amortized over a ten-year period. The CPC did not reach a conclusion as to how this reconciliation would be completed, but that it could be determined as part of this rate case. Since this is not an area of MDNR expertise, we will look to Staff and the Office of the Public Counsel to recommend an appropriate accounting mechanism to accomplish this reconciliation.

Q. Does this conclude your testimony?

138 A. Yes.