

1 A. As part of the initial stipulation for MEEIA Cycle 1, Liberty negotiated performance
2 metrics that if achieved would allow the Company to include an earnings opportunity
3 as part of the future energy efficiency investment charge. The core metrics included
4 spending 75% of the approved program budget (weighted at 80%) and spending 75%
5 of the final budget on approved measures (weighted at 20%). In the first year of
6 MEEIA, Liberty did not achieve these metrics, so no earnings opportunity was included
7 as part of the Company’s last DSIM update. In 2023, Liberty exceeded the metric to
8 spend 75% of the approved budget by spending \$3,170,693 (79.42%) of the \$3,992,314
9 MEEIA budget, creating Liberty’s first earnings opportunity.

10 **Q. How is the earnings opportunity calculated?**

11 A. Liberty was approved to receive a 9.25% return on the MEEIA spend associated with
12 the performance metrics. For the performance metric associated with 75% of the
13 program spend the approved calculation is (program spend * rate of return) * metric
14 weight. For 2023, this is ($\$3,170,693 * .0925$) * .8 resulting in an earnings opportunity
15 of \$234,631. The proposed revisions address these changes.

16 **III. HVAC CHANGES**

17 **Q. Please describe the updates Liberty is presenting to the Residential Heating,**
18 **Ventilation, and Air Conditioning (“HVAC”) Rebate within the Promotional**
19 **Practices Schedule.**

20 A. Liberty is proposing three updates to the to the Residential Heating, Ventilation, and
21 Air Conditioning (“HVAC”) Rebate. These include:

- 22 1. adjusting the minimum equipment standard from a SEER 15 or higher to a
23 SEER2 15 or higher to align with appliance standards that went into effect
24 1/1/2023;