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Exhibit No.  
Issue: Energy Efficiency Programs  
Witness: Sherrill L. McCormack  
Type of Exhibit: Rebuttal Testimony  
Sponsoring Party: Empire District Gas Co.  
Case No. GR-2009-0434  
Date Testimony Prepared: December 2009

**Before the Public Service Commission  
of the State of Missouri**

**Rebuttal Testimony**

**of**

**Sherrill L. McCormack**

**December 2009**

Empire Exhibit No. 16  
Case No(s) GR-2009-0434  
Date 1-08-10 Rptr KF

SHERRILL L. MCCORMACK  
REBUTTAL TESTIMONY

REBUTTAL TESTIMONY  
OF  
SHERRILL L. MCCORMACK  
THE EMPIRE DISTRICT GAS COMPANY  
BEFORE THE  
MISSOURI PUBLIC SERVICE COMMISSION  
CASE NO. GR-2009-0434

1   **Q.   PLEASE STATE YOUR NAME AND ADDRESS.**

2   A.   My name is Sherrill L. McCormack and my business address is 602 Joplin Street, Joplin,  
3       Missouri 64801.

4   **Q.   BY WHOM ARE YOU EMPLOYED AND IN WHAT CAPACITY?**

5   A.   I am currently employed by The Empire District Electric Company ("Empire" or  
6       "Company") as the Energy Efficiency Coordinator.

7   **Q.   ARE YOU THE SAME SHERRILL L. MCCORMACK WHO PREVIOUSLY**  
8       **SUBMITTED TESTIMONY IN THIS CASE?**

9   A.   Yes.

10  **Q.   WHAT IS THE PURPOSE OF YOUR TESTIMONY?**

11  A.   On behalf of The Empire District Gas Company ("EDG"), I will respond to the direct  
12       testimony of Ms. Laura Wolfe with the Missouri Department of Natural Resources Energy  
13       Center ("Energy Center") and will present additional proposals and recommendations  
14       pursuant to the non-unanimous Partial Stipulation and Agreement on DSM Funding and  
15       Implementation and the non-unanimous Partial Stipulation and Agreement, both entered into  
16       by and between EDG, the Staff of the Commission, and the Office of the Public Counsel (the  
17       "Stipulations").

18  **Q.   DOES EDG PROPOSE ANY CHANGES TO THE ENERGY EFFICIENCY**  
19       **PORTFOLIO ORIGINALLY PROPOSED IN THIS CASE?**

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1 A. Yes. Pursuant to the Stipulations, EDG proposes to decrease the rebate amount for tank  
2 storage water heaters from \$75 to \$50 until this amount is adjusted to reflect the higher  
3 incremental costs of the tank storage water heaters with an Energy Factor ("EF") of .67  
4 which is scheduled to become the new ENERGY STAR® tank storage water heater EF  
5 criteria on September 1, 2010. This change will not impact the proposed energy efficiency  
6 budget.

7 **Q. DOES EDG HAVE ANY PROPOSED ADDITIONS TO THE ORIGINAL**  
8 **PORTFOLIO PRESENTED?**

9 A. Yes. Pursuant to the Stipulations, EDG is willing to add two programs to the proposed  
10 portfolio. As recommended by Energy Center witness Laura Wolfe, EDG agrees with the  
11 addition of the Building Operator Certification ("BOC") program and the Apogee Energy  
12 Calculator to the portfolio. The BOC program is a training program that will be provided in  
13 partnership with the Energy Center and area electric utility companies offering this program.  
14 EDG anticipates that the addition of this program to the portfolio would result in the annual  
15 participation of three customers and increase the annual costs by \$4,775. Since this program  
16 is educational in nature, no benefit cost analysis was performed. More detailed information  
17 is provided in Rebuttal Schedule SLM-1.

18 The Apogee Energy Calculator is an online suite of programs for both residential and  
19 commercial customers. The HomeEnergy Calculator for residential use and the CommCalc  
20 for commercial use are both available for EDG's customers along with Energy Libraries.  
21 The cost for this program for the gas customers is currently \$9,425, which is twenty (20)  
22 percent of the total cost of the program. The balance of the program costs are covered by  
23 The Empire District Electric Company.

1   **Q.   WHAT IS EDG'S OVERALL ANNUAL ENERGY EFFICIENCY BUDGET WITH**  
2   **THE ADDITION OF THESE PROGRAMS?**

3   A.   The first year budget will increase from \$217,000, as originally proposed in my direct  
4   testimony, to \$231,200.

5   **Q.   DOES EDG AGREE WITH ENERGY CENTER WITNESS WOLFE'S**  
6   **RECOMMENDATION REGARDING THE OVERALL ENERGY EFFICIENCY**  
7   **BUDGET?**

8   A.   No. EDG does not agree with the overall annual budget levels proposed by Energy Center  
9   witness Wolfe. Ms. Wolfe has recommended budget levels that exceed \$650,000 by year  
10   three. The overall budget levels proposed by the Energy Center appear much too high. EDG  
11   believes that the energy efficiency programs should be initially implemented at more realistic  
12   levels and that further analysis of actual customer participation levels be performed before  
13   such large scale increases in program funding take place as recommended by the Energy  
14   Center. If the actual customer participation levels indicate that a budget increase is  
15   warranted, it can take place outside of a rate case and under the guidance of the DSM  
16   advisory group that has been created as part of the Stipulations. The program evaluations  
17   scheduled to be performed at the end of year two would provide some insight into this issue.

18   **Q.   HAS EDG DEVELOPED A PROPOSAL FOR THE UNSPENT FUNDS FROM THE**  
19   **CURRENT ENERGY EFFICIENCY PROGRAMS?**

20   A.   Yes. Pursuant to the Stipulations, EDG has agreed that the unspent funds from the current  
21   weatherization and commercial audit programs be transferred to a regulatory asset. This will  
22   establish the regulatory asset with a negative beginning balance. These unspent funds can  
23   then be used for the new energy efficiency programs authorized by the Commission. The

specific amounts to be transferred to the regulatory asset will be determined at the time the new rates resulting from this case become effective.

**Q. HOW DOES EDG PROPOSE TO RECOVER THE COSTS ASSOCIATED WITH THE PROPOSED ENERGY EFFICIENCY PROGRAMS?**

A. Pursuant to the Stipulations, Empire has agreed that all expenses related to these programs, including the lost revenues directly associated with participation in these energy efficiency programs, shall be recorded as a regulatory asset and amortized over a period of ten years. Pursuant to the Stipulations, this regulatory asset shall be eligible for rate base treatment in future rate cases, and to the extent the regulatory asset has not been included in rate base, it shall earn a return equal to the Company's Allowance for Funds Under Construction ("AFUDC") rate.

**Q. HAS EDG AGREED TO REPORT ANNUAL ENERGY EFFICIENCY ACTIVITIES?**

A. Yes. Pursuant to the Stipulations, EDG has agreed to file annual reports with the Commission on the status of its energy efficiency programs. The first report is scheduled to be filed within 45 days of the end of the first year after new rates resulting from this case become effective. Annual reports will include: (1) a narrative description of the status of each program, (2) information (by program) on actual program expenditures and estimated impacts (Ccfs), and (3) a comparison (by program) of budgeted expenditures and impacts to actual expenditures and estimated impacts (Ccfs). Annual reports will also specify and document EDG's assessment of the lost revenues directly associated with the programs estimated impacts (Ccfs) for the 12 month period covered by the annual report. In addition, pursuant to the Stipulations, EDG has agreed to meet with the advisory group overseeing the energy efficiency programs twice each year.

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1 Q. DOES THIS CONCLUDE YOUR TESTIMONY?

2 A. Yes.

## **BUILDING OPERATOR CERTIFICATION PROGRAM**

### **PROGRAM DESCRIPTION**

The Building Operator Certification (BOC) Program is a professional development program in the energy and resource efficient operations of buildings. The training program covers building operation and maintenance for building operators, managers and consultants. It offers an in-depth look at the best ways to manage a facility, from the latest technologies to trade tips. Participants can improve job skills, access tools to more efficiently run facilities and achieve measurable energy savings. With over 5,000 BOC graduates nationwide, this rapidly growing training program provides an expansive network of peers and a highly regarded credential. BOC training includes nearly 80 hours of classroom and project work in building systems operation and maintenance. Each course in the series is completed in a one-day training session, except BOC 103—HVAC Systems and Controls, which is a two-day course. To become certified, participants must pass an exam at the end of each day of training and complete assigned projects.

There are two levels of certification: Level I - Building System Maintenance and Level II - Equipment Troubleshooting and Maintenance. Level I classes run for a total of 8 days whereas Level II classes run for 7. Development support for BOC was originally provided by the Northwest Energy Efficiency Alliance (NEEA), a non-profit group of electric utilities, state governments, public interest groups, and industry representatives committed to promoting affordable, energy-efficient products and services. Today, the Northwest Energy Efficiency Council (NEEC) is leading efforts to make BOC a nationally recognized standard.

The Midwest Energy Efficiency Alliance (MEEA) is administering BOC in the Midwest region with support from the Illinois Department of Commerce and Economic Opportunity, the Minnesota Department of Commerce, the Missouri Department of Natural Resources Energy Center (Energy Center), and the Ohio Department of Development.

Empire will be cooperating with area electric utilities, specifically Kansas City Power & Light (KCP&L), and offering KCP&L's BOC classes to Empire's customers. Empire will share in sponsoring the training classes, including rental of property if any, refreshments, meals, and handouts. In addition, Empire will offer scholarships at approximately 50% of the total registration fee. For the immediate future, we have been informed that the registration fee will be approximately \$1,200. Therefore, for this plan, Empire has estimated a scholarship of \$600 per student who completes the course and receives certification (provided that Empire's scholarship and that of any participating electric utility does not exceed the total

registration cost of the attendee). Empire will target this training support towards customers with facilities that employ full-time building operators. Attendees must operate and maintain a building served by Empire on either a sales or transportation gas rate to qualify for the scholarship. All commercial and industrial customers are eligible to participate. The annual budget assumes a total of 3 attendees will qualify for the scholarship.

### ESTIMATED PEAK DEMAND AND ENERGY SAVINGS

Empire is offering this program as an educational program. Therefore, no demand or energy savings are claimed at this time.

Years	Demand (kW)	Energy (kWh)
1 – 5 (per year)	n/a	n/a

### PROGRAM FRAMEWORK/STRATEGY

Marketing Strategy: Empire will coordinate marketing efforts with KCP&L. Empire will also utilize various mediums, such as direct mail, bill inserts, and its website, to notify customers of the availability of the training and scholarships.

Program Delivery: The training sessions will be implemented by the Energy Center on behalf of the utilities.

### PROGRAM BUDGET

Years	Delivery	Mgmt/Admin	Marketing	Scholarship	Evaluation	Total
1	\$2,250	\$225	\$500	\$1,800		\$4,775
2	\$2,275	\$228	\$500	\$1,800		\$4,803
3	\$2,300	\$230	\$500	\$1,950	\$249	\$5,229

Because there is no major activity associated with starting this program, no start-up costs have been submitted. Delivery assumes a cost of \$1,000 per participant to sponsor the training. This has been escalated by \$25 per year. Scholarships are assumed to be \$600 for the next two years. For the following year, we are assuming a scholarship cost of \$650



per attendee.

#### **PROGRAM BENEFICIARIES - PARTICIPATION**

All commercial and industrial customers who have facilities in Empire's service territory who employ full time building operators are eligible to participate in this program. It is anticipated that 3 customers will participate annually for the next 3 years.

Years	Participation
1 – 3 (per year)	3

Other beneficiaries of this program are the building owners who send their employees to the training sessions.

#### **PROGRAM EVALUATION, MEASUREMENT AND VERIFICATION (EM&V) PLAN**

Because this is not a direct impact program, an impact evaluation is not planned. Due to the low budget and small estimated participation, a process evaluation may not be feasible. It may be possible for Empire to conduct a survey of participants instead of a full process evaluation. Once the program is approved and has been implemented, a more detailed plan to fit the participation level and budget will be developed.

**AFFIDAVIT OF SHERRILL L. MCCORMACK**

STATE OF MISSOURI )  
 ) ss  
COUNTY OF JASPER )

On the 18<sup>th</sup> day of December, 2009, before me appeared Sherrill L. McCormack, to me personally known, who, being by me first duly sworn, states that she is the Energy Efficiency Coordinator of The Empire District Electric Company and acknowledges that she has read the above and foregoing document and believes that the statements therein are true and correct to the best of her information, knowledge and belief.

  
Sherrill L. McCormack

Subscribed and sworn to before me this 18<sup>th</sup> day of December, 2009.

  
Notary Public

My commission expires: 10-30-2010

