

Following the stakeholder workshop held on April 29, 2015, Staff provides the following comments¹ to Empire's 2015 annual update report (filed March 13, 2015):

1. Page 35 of the March 13, 2015 Update Report states: "Due to an inadequate cost recovery mechanism, Empire has requested permission to terminate the existing demand-side programs in Case No. ER-2014-0351." On April 8, 2015, Empire agreed to not terminate its existing demand-side programs as a result of paragraph 11 of the *Revised Stipulation and Agreement and List of Issues* filed in Case No. ER-2014-0351 which states: "Energy Efficiency: With the exception of the low-income weatherization program discussed below, the Signatories agree that Empire will continue its current energy efficiency programs, at current funding levels and with the current recovery mechanism, until Empire has an approved MEEIA or until the effective date of rates in Empire's next general rate case."

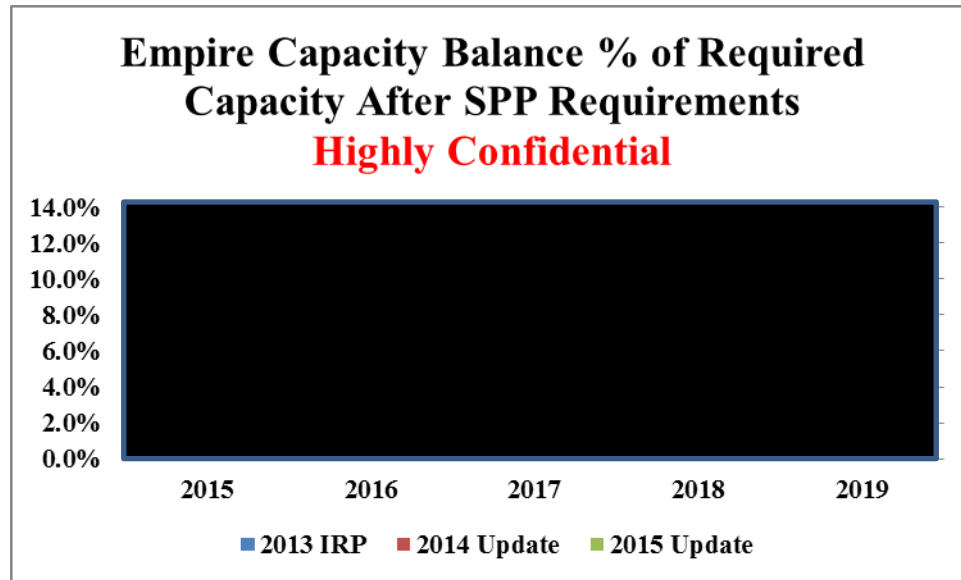
2. The Update Report's Resource Acquisition Strategy Update concerning the Demand-side Management (DSM) Implementation Plan Update concludes on page 14 with: "Throughout the process, the proposed implementation target has continued to shift since no agreement has been reached in the 2013 MEEIA case. At this time, the future of the 2013 MEEIA portfolio remains unclear." The information in the Update Report suggests that the 2013 MEEIA plan² should not be pursued further, because the business case for MEEIA is expected to be much different now (2015 – 2019) than it was in 2013 as a result of:

- a) Lower energy and demand load forecasts on page 10 of the Update Report;
- b) Changes in many other inputs to the planning process as a result of the passage of time; and
- c) Significantly stronger capacity position as demonstrated on page 37 of the Update Report and as summarized in the following Staff chart.

¹ 4 CSR 240-22.080(3)(D) Stakeholders may file comments with the commission concerning the utility's annual update report and summary report within thirty (30) days of the utility's filing of the summary report.

² File No. EO-2014-0030

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3. Staff recommends that Empire notify the Commission (as required by 4 CSR 240-22.080(12)) that it has decided to alter its adopted preferred resource plan to exclude the implementation of a MEEIA plan as part of its 2014 – 2016 implementation strategy.

4. Staff recommends that Empire utilize the Chapter 22 electric utility resource planning process to update its business case for making a MEEIA application in 2016, should such a MEEIA application be included in the implementation strategy for the adopted preferred resource plan in Empire's April 1, 2016 Chapter 22 triennial compliance filing case.

