

STATE OF IOWA
DEPARTMENT OF COMMERCE
UTILITIES BOARD

IN RE:	
MIDAMERICAN ENERGY COMPANY	DOCKET NO. EEP-2018-0002

FINAL ORDER

(Issued February 18, 2019)

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I. PROCEDURAL HISTORY.

On December 2, 2013, in Docket No. EEP-2012-0002, the Utilities Board (Board) issued a “Final Order,” approving MidAmerican Energy Company’s (MidAmerican) 2014-2018 energy efficiency plan and directed MidAmerican to file its 2019-2023 Plan on or before November 1, 2017. *In re: MidAmerican Energy Company*, Docket No. EEP-2012-0002, “Final Order,” p. 69 (Dec. 16, 2013). On November 1, 2017, MidAmerican filed its application for approval of its five-year 2019-2023 energy efficiency plan in Docket No. EEP-2017-0001. On February 9, 2018, the Board docketed MidAmerican’s Plan and issued a procedural schedule.

On May 4, 2018, the Governor signed Senate File 2311, which amended the energy efficiency provisions in Iowa Code chapter 476 applicable to rate-regulated utilities. 2018 Iowa Acts ch. 1135. Several of the amendments, being deemed of

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immediate importance, became effective upon enactment. *Id.* at ch. 1135, § 20. The legislation altered the energy efficiency framework under which MidAmerican had filed its November 1, 2017 plan.

On May 9, 2018, MidAmerican filed a “Motion to Withdraw Filing,” stating its intent to revise its energy efficiency plan in light of the statutory changes and to file a new plan consistent with the revised law. On May 25, 2018, the Board granted MidAmerican’s request and ordered MidAmerican to file a new proposed customer notice with the Board on or before June 6, 2018, and file its new application for approval of a five-year energy efficiency plan/demand response plan in a new docket on or before July 9, 2018.

On July 9, 2018, MidAmerican filed its “Application for Approval of Five-Year Energy Efficiency Plan” (Plan), which included 14 energy efficiency and demand response programs, in Docket No. EEP-2018-0002. (Application ¶ 4, p. 2). Under the Plan, MidAmerican’s proposed total budget for the five-year plan is approximately \$256 million and contains approximately \$709 million in net electric benefits and over \$41 million in net natural gas benefits. (Plan, Exhibit 1, p. 8; MidAmerican Hearing Exhibit 101). By the end of 2023, MidAmerican estimates the Plan will reduce electric system peak demand by 466 MW. (Application ¶ 5, p. 3).

On August 8, 2018, the Board entered an order docketing MidAmerican’s application and setting a procedural schedule, which included a deadline for intervention and set hearing for November 19, 2018. In addition to the Office of Consumer Advocate (OCA), a division of the Iowa Department of Justice, five entities or groups intervened in this proceeding, namely: the Environmental Law and Policy

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Center and the Iowa Environmental Council (ELPC/IEC), Iowa Citizens for Community Improvement (ICCI), the National Housing Trust (NHT), the Iowa Business Energy Coalition (IBEC), and Frontier Ethanol, LLC d/b/a POET Biorefining – Guthrie (POET) (collectively with MidAmerican as the Parties).

On October 29, 2018, the Parties filed a “Joint Statement of Issue,” numbering 15 primary issues, several with sub-issues or subparts. For each primary and sub-issue, the Parties stated whether the issue is contested and, if so, identified the party or parties that contested the issue and the witness or witnesses providing testimony on the issue.

On November 5, 2018, MidAmerican, OCA, and NHT filed a “Motion to Approve Stipulation and Agreement” and a “Stipulation and Agreement.” MidAmerican, OCA, and NHT stated they resolved all contested issues among themselves and requested the Board issue an order allowing the terms and provisions of the agreement to be fully implemented.

On November 9, 2018, the Board issued a “Prehearing Order.” In part, the order provided that the Board would consider the settlement agreement as part of the issues before the Board at hearing.

On November 16, 2018, MidAmerican, OCA, NHT, and POET (Settlement Parties) filed a “Motion to Approve Revised Stipulation and Agreement” and a “Revised Stipulation and Agreement” (Settlement Agreement). The Settlement Parties stated that following the filing of the November 5, 2018 agreement, MidAmerican held a settlement conference as required by 199 IAC 7.18(2). The conference resulted in the resolution of contested issues raised by POET, allowing

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POET to join in the Settlement Agreement. The Settlement Agreement refers to the issues and subparts as they were numbered in the Joint Statement of Issues. For convenience, throughout this order, the Board will refer to the issues and subparts by the numbering used by the Parties.

On November 19, 2018, this proceeding came before the Board for hearing. MidAmerican appeared through attorneys Brian Rybarik and Bret Dublinske. (Tr.¹ pp. 6-7). Attorney Jennifer Easler appeared on behalf of OCA. (Tr. p. 7). Attorney Joshua Mandelbaum appeared on behalf of ELPC/IEC. (Tr. p. 8). IBEC appeared through attorney Thomas Goodhue, and attorney Ivan Webber appeared on behalf of ICCI. (Tr. p. 9). Annika Brink appeared via webinar on behalf of NHT. (Tr. pp. 10-11). Attorney Amanda James appeared on behalf of POET and, given POET's status as a settling party, the Board excused her attendance at the beginning of the hearing. (Tr. pp. 10, 18-19).

The Board scheduled the submission of the Parties' initial post-hearing briefs for December 21, 2018, and the deadline for submission of the Parties' reply briefs as January 4, 2019. (Tr. p. 187). On December 21, 2018, ICCI, ELPC/IEC, OCA, IBEC, and MidAmerican filed initial post-hearing briefs. On January 4, 2019, OCA, IBEC, MidAmerican, and ELPC/IEC filed reply briefs.

II. STANDARD OF REVIEW.

As amended by Senate File 2311, Iowa Code § 476.6(13) and (15) (2019) contains the energy efficiency plan and energy efficiency implementation, cost

1. "Tr." shall refer to the transcript of the November 19, 2018 hearing, which has been uploaded in this Docket in the Board's electric filing system.

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review, and cost recovery requirements. Section 476.6(13) provides “[e]lectric and gas utilities shall offer energy efficiency programs to their customers through energy efficiency plans.” Energy efficiency programs offered by rate-regulated utilities pursuant to § 476.6(13) require Board approval. *Id.*

Energy efficiency and demand response plans must include a range of programs tailored to the needs of all customers classes, including residential, commercial and industrial customers. *Id.* at § 476.6(15)(a)(1)(a). The plans should also include programs for qualified low-income customers. *Id.*

As an overarching requirement, an energy efficiency plan as a whole must be cost-effective. *Id.* at § 476.6(13). However, “[e]nergy efficiency programs for qualified low-income persons and for tree planting programs, educational programs, and assessments of consumers’ needs for information to make effective choices regarding energy use and energy efficiency need not be cost-effective and shall not be considered in determining cost-effectiveness of plans as a whole.” *Id.* A “utility’s threshold of cost-effectiveness for its plan as a whole shall be a benefit/cost ratio of 1.0 or greater.” 199 IAC 35.8(1)(e)(2).

Senate File 2311 imposed limits on the Board’s authority over the budget of utility’s plan. Specifically, § 476.6(15)(c)(2) provides for energy efficiency and demand response plans that are effective on or after January 1, 2019:

the board shall not require a gas utility to adopt an energy efficiency plan that results in projected cumulative average annual costs that exceed one and one-half percent of the gas utility’s expected annual Iowa retail rate revenue from retail customers in the state, shall not require an electric utility to adopt an energy efficiency plan that results in projected cumulative average annual costs that exceed two percent of the electric utility’s expected annual Iowa retail rate revenue from

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retail customers in the state, and shall not require an electric utility to adopt a demand response plan that results in projected cumulative average annual costs that exceed two percent of the electric utility's expected annual Iowa retail rate revenue from retail customers in the state. For purposes of determining the two percent threshold amount, the board shall exclude from an electric utility's expected annual Iowa retail rate revenue the revenues expected from customers in the state.

Senate File 2311 further amended the energy efficiency provisions of chapter 476 by allowing customers of a rate-regulated electric utility to request exemption from participation in that utility's energy efficiency plan if, at the time approved by the Board, the energy efficiency plan and demand response plan have a cumulative rate-payer impact test result of less than one. *Id.* at § 476.6(15)(a)(1)(b).

With respect to its review of the Settlement Agreement, the standard utilized by the Board when evaluating a proposed settlement agreement provides that the Board will not approve a settlement unless it is "reasonable in light of the whole record, consistent with the law, and in the public interest." 199 IAC 7.18.

In light of the Settlement Parties' Settlement Agreement and using the terms as utilized by the Parties in the Joint Statement of Issues, this proceeding contains issues that are uncontested or are otherwise fully resolved by the Settlement Agreement, issues that are partially resolved by the Settlement Agreement, and issues that remain contested issues. The Board will address each separately and in turn.

III. SETTLEMENT/UNCONTESTED ISSUES.

In their Joint Statement of Issues, the Parties identified Issues 4a and 4c, Issues 6a and 6c, Issues 8a(4) and 8b, Issue 12, Issue 13, and Issue 14 as "uncontested." Each "uncontested issue was included and addressed in the

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Settlement Agreement. In addition, the Settlement Agreement resolved Issue 3, Issue 6b, Issues 8a(1) and (3), and Issues 9 and 9b. Therefore, the Board will discuss each issue in numerical order and its review shall be governed by the rule 7.18 settlement standard.

A. Issue 3: Cost Reduction/Containment Opportunities.

The Parties framed Issue 3 as whether MidAmerican should pursue cost reduction/containment opportunities. In light of budgetary issues, both OCA and MidAmerican recognized the importance for programs to deliver energy efficiency savings cost-effectively. (OCA Parker Direct Testimony pp. 13-14). As evidenced through the testimony submitted, the Parties understand the importance of not only controlling expenses, but also focusing on effective, low-cost programs. With respect to administrative costs, MidAmerican committed to adjusting the Plan in an attempt to operate within a target range for administrative costs of 20 percent to 25 percent of total costs. (MidAmerican Yoder Reply Testimony pp. 5-6). Additionally, with respect to MidAmerican's Education program, OCA suggested Plan changes to eliminate spending on brand awareness campaigns and sponsorships and, instead, focus on more effective, low-cost education and awareness building through bill inserts and direct mailed correspondence. (OCA Davison Direct Testimony pp. 15-23). The record is replete with examples of MidAmerican and OCA working collaboratively to identify areas of cost savings and programs that provide energy efficiency savings cost-effectively.

Perhaps no greater example of this collaboration exists than the Settlement Agreement. Under the agreement, "MidAmerican agrees to seek efficiencies and

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cost reduction opportunities in energy efficiency and demand response, including administrative costs, and agrees that all cost efficiencies and savings will be tracked and incorporated back into energy efficiency programs ... to either conduct other initiatives or increase the amount of dollars available for incentives and services provided to customers.” (Settlement Agreement, Art. III, p. 3). MidAmerican further commits to pursue all reasonable opportunities for cost savings, including reductions in personnel, streamlined assessment of potential and plan development costs, elimination of unnecessary or high-cost promotions, and the elimination of sponsorship advertisements. (Settlement Agreement, Art. III, p. 3). Finally, MidAmerican agrees to cost-reduction efforts pertaining to administrative costs as already discussed above. See Issue III.L.

MidAmerican agrees to seek efficiencies and cost reduction opportunities and to incorporate such cost savings back into the Plan. The resolution proposed by MidAmerican and OCA is a reasonable and sensible compromise that the Board approves.

B. Issue 4a: Residential Energy Efficiency Programs – Residential Equipment.

In their Joint Statement of Issues, the Parties identified uncontested Issue 4a as having two subparts; namely: (1) whether the Air Source Heat Pumps (“ASHP”) measure should be included in the Plan and whether savings are appropriately calculated, and (2) whether verification of cost compliance should be required prior to rebates being issued for equipment installed in new residential construction.

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The issues relating to the Residential Equipment program were raised by OCA and no other party provided testimony related to this issue. OCA presented evidence questioning the savings associated with the ASHP measures when a customer switches to an electric ASHP and whether ASHPs can provide cost-effective natural gas savings in cold climates. (OCA Parker Direct Testimony pp. 32-33). More generally, OCA also presented testimony concerning the timeliness of MidAmerican's Evaluation, Measurement, & Verification (EM&V) process and recommended that the smart thermostat program be scheduled for early EM&V review and the findings incorporated into the five-year Plan. (OCA Parker Direct Testimony pp. 21-22, 34).

Although identified as an uncontested issue, the Settlement Parties addressed this issue in the Settlement Agreement. As set forth in the agreement, while reaffirming its belief ASHPs are cost-effective, MidAmerican agreed further analysis is warranted. (Settlement Agreement, Art. III, p. 5). MidAmerican agreed, therefore, to eliminate the residential ASHP measure until an analysis has been completed and to reallocate the budgeted dollars from the measure (*i.e.*, \$350,000 per year) to the Residential Low-Income program for supplemental weatherization and weatherization rebates. (Settlement Agreement, Art. III, p. 5). MidAmerican will include ASHP in its planned HVAC study to gain more insight from trade allies about the use of this technology in cold climates and may reinstate the measure later if the measure is consistent with Plan goals. (Settlement Agreement, Art. III, p. 5). In the event MidAmerican reintroduces ASHP during the Plan cycle, funding from administrative cost reductions or underutilized programs will be used to maintain overall budgets. (Settlement Agreement, Art. III, pp. 5-6).

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Concerning the code compliance issue identified as Issue 4a(2), OCA witness Parker opined MidAmerican should create a process to ensure code compliance under 199 IAC 35.14 for new structures before rebates are distributed. (OCA Parker Direct Testimony p. 33). MidAmerican agreed to add additional fields to its application that requires both customers and trade allies certify that the new residential construction complies with the appropriate building and energy codes. (Settlement Agreement, Art. III, pp. 5-6).

The Plan's Residential Equipment program will offer residential customers a variety of options and the Settlement Agreement provides well-reasoned modifications to the program. The Board therefore finds the Settlement Parties' resolution to these issues to be reasonable and in the public interest.

C. Issue 4c: Residential Energy Efficiency Programs – Residential Behavioral.

Issue 4c is identified as whether the rationale for the reduction in the standard frequency of home energy reports is appropriate without further EM&V being completed. In its Plan, MidAmerican proposed to reduce the frequency of reports while maintaining the same estimated level of participants. (OCA Davison Direct Testimony pp. 5-6; Plan, Exhibit 1, pp. 26-31). OCA expressed concern that the reduced frequency of the reports could interfere with MidAmerican's study of persistence levels and savings assumptions. (OCA Davidson Direct Testimony pp. 5-14).

As part of the Settlement Agreement, MidAmerican agreed to study persistence of savings for the reduced report frequency and will consider changes in

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program design when the study is completed. (Settlement Agreement, Art. III, p. 8). The Settlement Parties agree that no changes should be made to the Residential Behavioral program and that the program should be implemented as proposed. (Settlement Agreement, Art. III, p. 8). In light of MidAmerican's commitments, the Board finds the Settlement Parties' agreement to be a reasonable resolution of the issue.

D. Issue 4d(2): Residential Energy Efficiency Programs – Residential Low-Income (Supplemental).

The Parties framed Issue 4d(2) as whether MidAmerican should allocate a portion of its customer contribution fund to offer supplemental weatherization to low-income households.

Iowa Code § 476.66(1) requires that electric and gas utilities establish a customer contribution fund "to assist the utility's low-income customers with weatherization measures to improve energy efficiency related to winter heating and summer cooling" OCA recommends MidAmerican restore low-income funding through the fund and allocate the additional funding to supplement low-income weatherization services. (OCA Kruger Surrebuttal Testimony p. 4). No other party presented evidence or information on this issue.

According to the Settlement Agreement, MidAmerican agrees to modify its Plan to use some customer contribution fund money for weatherization services and to offer a Supplemental Weatherization Measure to provide weatherization rebates (insulation/infiltration) at levels set for years 2014-2017. (Settlement Agreement, Art. III, p. 2). MidAmerican further agrees to pursue initiatives intended to increase the

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amount of contribution funds collected from customers and apply such increases to supplemental weatherization each Plan year. (Settlement Agreement, Art. III, p. 2). Finally, MidAmerican agrees to allocate 50 percent of all customer contributions made to the fund above \$250,000 to supplemental weatherization activities completed in MidAmerican's low-income customers' homes by third parties (e.g., Green Iowa AmeriCorps, Habitat for Humanity, etc.). (Settlement Agreement, Art. III, pp. 2-3).

The Settlement Parties' resolution of this issue will provide additional funding for weatherization to low-income households outside the energy efficiency funds collected through MidAmerican's energy efficiency cost recovery factor. Therefore, the Board finds the terms of the Settlement Agreement for this issue to be reasonable and in the public interest.

E. Issue 6a: Nonresidential Energy Efficiency Programs – Nonresidential Equipment.

As identified by the Parties, Issue 6a is whether all the measures included in the Assessment of Potential should be considered for inclusion in the remaining years of the Plan.

OCA recommends MidAmerican review the measures included in its Nonresidential Equipment program and consider for inclusion in the program both previously included and new measures as technology, costs, and customer demand change. (OCA Parker Direct Testimony p. 42). No other party submitted testimony on which measures should be included in MidAmerican's Nonresidential Equipment program.

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As part of the Settlement Agreement, MidAmerican committed to continue its use of its energy efficiency annual review process and the Technical Reference Manual (TRM) to determine what changes may be necessary for the next Plan year. (Settlement Agreement, Art. III, p. 7). Each year, MidAmerican reviews current measures to identify changes and custom projects to determine if new prescriptive measures are warranted. (Settlement Agreement, Art. III, p. 7). MidAmerican's review will include identification of all measures deemed to be cost-effective and emerging technologies for inclusion in future Plan years. (Settlement Agreement, Art. III, p. 7).

The resolution of this issue is a sensible compromise under which MidAmerican commits to continued review and consideration of measures for Plan inclusion. The Board, therefore, finds the resolution of this issue to be reasonable, consistent with the law, and in the public interest.

F. Issue 6b: Nonresidential Energy Efficiency Programs – Nonresidential Energy Solutions.

Issue 6b contains three sub-issues – all of which are raised by POET. The sub-issues are: (1) whether a cap should be placed on the dollar amount that individual projects submitted for a rebate may receive, (2) whether a cap should be placed on the dollar amount that one customer may receive for submitted rebates each program year, and (3) whether a time limit should be placed on the period for MidAmerican to provide a pre-approval for rebates.

Through its submitted testimony, POET recommends that no cap be placed on the dollar amount that individual projects submitted for a rebate may receive, that no

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cap be placed on the dollar amount each customer may receive each year of the Plan, and that a time limit be placed on the period for MidAmerican to provide a pre-approval for rebates. (POET Swanson Rebuttal Testimony p. 2). POET asserts caps are unfair to large customers and a rebate should have the same value per kWh regardless of customer size. (POET Swanson Rebuttal Testimony p. 3). With respect to the pre-approval time period, POET indicates utilities from around the nation typically require four weeks to provide pre-approval for a project and, recently, POET received information suggesting pre-approval for some projects have taken over seven weeks. (POET Swanson Rebuttal Testimony pp. 4-5). POET contends MidAmerican should be required to provide pre-approval for projects in no more than four weeks. (POET Swanson Rebuttal Testimony pp. 4-5). Finally, POET recommended the impact of energy savings be measured on the reduction of the energy intensity of the plant as a whole. (POET Swanson Rebuttal Testimony p. 5)

As part of its filed Plan, MidAmerican proposes a \$100,000 limit on individual projects and a \$250,000 limit per customer, per program year. (Plan, Exhibit 1, p. 63). MidAmerican encourages all customers make changes to reduce energy consumption and energy costs even if rebates are not available. (MidAmerican Yoder Reply Testimony p. 5). MidAmerican contends energy efficiency rebates are secondary benefits to the long-term bill savings that can be realized for many years after the implementation of energy efficiency improvements. (MidAmerican Yoder Reply Testimony p. 5). Additionally, MidAmerican anticipates caps will allow for the distribution of funds across as many customers as possible. (OCA Parker Direct Exhibit 4).

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OCA does not object to MidAmerican's proposed project and customer caps, observing that caps can serve as a tool to allow participation among a greater number of customers. (OCA Parker Reply Testimony pp. 3-4). Based on MidAmerican's intent for the caps to allow greater participation in its energy efficiency plan, OCA opined the caps proposed by MidAmerican appear reasonable. (OCA Parker Reply Testimony p. 4).

The Settlement Parties resolved the customer and project cap issues as part of the Settlement Agreement, agreeing the caps should remain as proposed subject to the terms of the agreement. (Settlement Agreement, Art. III, p. 7). Specifically, MidAmerican agreed to distribute any remaining funds within each year of the Plan pursuant to the following protocol:

- MidAmerican will move any remaining funds among programs to cover demands within customer class and fuel type; then
- MidAmerican will review and fund pre-approved projects in a Plan year that have been denied based on program funding limits; then
- MidAmerican will make available any remaining funding to capped projects that were pre-approved and receive incentives that would have otherwise been larger but for the project or customer caps while maintaining all other caps and/or eligibility requirements.

(Settlement Agreement, Art. III, p. 7). MidAmerican further commits to process completed applications and pre-approvals within four weeks from the submission of all supporting documentation. (Settlement Agreement, Art. III, p. 7). Finally, MidAmerican agrees to facilitate POET's participation in the TRM in order for POET to present its recommendation to use energy intensity to evaluate savings from energy efficiency improvements. (Settlement Agreement, Art. III, p. 7).

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MidAmerican could reasonably conclude project and customer caps provide for a more equitable distribution of limited funds to as many utility customers as possible. Evidence was submitted establishing MidAmerican established the cap amounts based on a review of historical data and program use. (OCA Parker Direct Exhibit 4). Based on concerns with the use of customer and project caps by POET, the Settlement Parties reached a reasonable resolution under which any remaining funding will be redistributed in the program subject to an agreed-upon protocol. The Board finds the Settlement Parties' resolution of the customer and project caps in Issue 6b is reasonable based on the record as a whole and in the public interest.

With respect to the processing time for pre-approvals, evidence was introduced suggesting MidAmerican's processing usually takes four weeks, which is consistent with other utilities. (POET Swanson Rebuttal Testimony p. 4). Although POET asserted it was informed processing time could take more than seven weeks, as part of the settlement, MidAmerican committed to process pre-approval applications within four weeks from the submission of all supporting documents. (Settlement Agreement, Art. III, p. 7). In light of this evidence, the Board finds MidAmerican's commitment and the Settlement Parties' resolution of this issue to be reasonable.

G. Issue 6c: Nonresidential Energy Efficiency Programs Commercial – New Construction.

Issue 6c is whether MidAmerican should provide design assistance for natural gas customers. As part of its discussion on this issue, OCA states that likely due to new standards contained in Senate File 2311, natural gas-only customers will not be

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permitted to participate in MidAmerican's Commercial New Construction program and will not be eligible to receive rebates for prescriptive measures. (OCA Initial Brief pp. 23-24). However, MidAmerican developed marketing and educational approaches to assist participants in understanding the program's value beyond construction incentives. (MidAmerican Yoder Reply Testimony p. 12).

Additionally, in the Settlement Agreement, MidAmerican expressed its intent to provide a high level of natural gas modeling with projects that incorporate natural gas. (Settlement Agreement, Art. III, p. 7). MidAmerican will not provide design assistance fees or incentives for natural gas measures included in new construction although new buildings will be required to meet relevant energy code provisions. (Settlement Agreement, Art. III, p. 7).

As observed by OCA, MidAmerican's Nonresidential New Construction program is designed "to promote comprehensive efficiency versus piecemeal efficiency upgrades." (OCA Initial Brief p. 23). The Board finds MidAmerican's approach, including its commitments in the Settlement Agreement, to be reasonable.

H. Issues 8a(1) and (3): Multi-Sector Programs – Income-Qualified Multi-Family Housing.

Issue 8a(1) is whether MidAmerican should expand eligibility requirements for participation and Issue 8a(3) is whether MidAmerican should adjust the program design to better meet program participants' needs.

As set forth in the Plan, "[t]he Income-Qualified Multi-Family Housing program provides services and incentives to serve the specific needs of multi-family housing building owners and property managers to help improve the overall energy efficiency

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of their buildings and reduce their operating costs.” (Plan, Exhibit 1, p. 89). The program provides comprehensive on-site assessments, free direct-installation measures, and incentives for measures identified in the assessment. (Plan, Exhibit 1, p. 89). In order to be eligible for the program, a multi-family property must be housing developed under Section 8 of the U.S. Housing Act of 1937 or Low-Income Housing Tax Credit Property under the Tax Reform Act of 1986. (Plan, Exhibit 1, p. 89).

While praising aspects of MidAmerican’s commitment to low-income multi-family housing, the NHT opined MidAmerican’s eligibility criteria was too restrictive, excluding a large portion of low-income multi-family housing. (NHT Brink Rebuttal Testimony p. 10). Consequently, NHT proposed MidAmerican expand the program’s eligibility criteria and provided several examples of how MidAmerican could expand the eligibility criteria. (NHT Brink Rebuttal Testimony pp. 10-11).

In light of NHT’s evidence and as part of the Settlement Agreement, MidAmerican agreed to expand the eligibility requirements for the Income-Qualified Multi-Family Housing program. Specifically, program eligibility now includes:

buildings that are 10 years old or older and developed under Section 8 of the U.S. Housing Act of 1937 or Low-Income Housing Tax Credit under the Tax Reform Act of 1986, plus buildings with the Housing and Urban Development’s Sectional Housing Types of Section 202 and Public Housing, and the U.S. Department of Agriculture’s Section 515 Rural Rental Housing, to participate in its Low Income Multifamily program.

(Settlement Agreement, Art. III, p. 3). Further, “[a]ll other affordable housing buildings [not mentioned] will be reviewed on a case-by-case basis to determine” program eligibility. (Settlement Agreement, Art. III, p. 3).

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NHT asserts there was not a compelling reason for the additional low-income multi-family properties to be excluded from the program. (NHT Brink Rebuttal Testimony p. 11). The Board agrees and finds the Settlement Parties' resolution of the issue to be both reasonable and sensible.

I. Issue 8a(4): Multi-Sector Programs Income-Qualified Multi-Family Housing – Master Metering.

The Parties framed Issue 8a(4) as whether other policies such as master metering are needed to address the split-incentive barrier in multi-family premises.

As explained by OCA witness Kruger:

[t]he split-incentive market barrier occurs when property owners do not see any immediate benefit from making energy efficiency upgrades because their tenants are responsible for paying the utility bills and realize the benefits and the savings from upgrades. In order to overcome this barrier successfully, utilities must focus building owners' attention on design programs that realign building owners' motivations to support energy efficiency. Building owners must be convinced investments in energy efficiency makes financial sense

(OCA Kruger Direct Testimony p. 11). In its Plan, MidAmerican proposes to address the split-incentive barrier through four strategies, to wit: (1) provide financial incentives for energy efficiency upgrades, (2) provide free energy assessments, (3) educate landlords about increasing property values and greater demand for units resulting from energy upgrades, and (4) focus on individual units and common areas. (Plan, Exhibit 1, p. 94). OCA argues MidAmerican's approach is insufficient and that master metering may serve as a more effective approach in addressing the split-incentive barrier. (OCA Kruger Direct Testimony pp. 12-17).

Separate from this energy efficiency proceeding, the Board finished a rule-making on the master-metering issue. Specifically, the Board's amended master-

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metering rules, which became effective on January 9, 2019, allow master-metering “[w]here the benefits of individual metering (reduced and controlled energy consumption) are more effectively accomplished through a master meter arrangement.” 199 IAC 20.3(1)(b)(5). See also *In re: Review of Electric Service Rules [199 IAC Chapter 20]*, Docket No. RMU-2016-0008, “Order Adopting Amendments,” pp. 3-5 (Nov. 9, 2018). OCA argues the new master-metering rules hold the potential to achieve greater energy efficiency in multi-family premises. (OCA Initial Brief p. 28).

As explained by OCA, in the traditional tenant metering arrangement, the landlord realizes no direct financial payment for energy efficiency investments because such upgrades do not often translate into higher rent, which is dictated by the market. (OCA Kruger Direct Testimony p. 13). However, with master-metering as allowed under the Board’s recently adopted rules, the landlord is able to recover investment costs through lower utility bills. (OCA Kruger Direct Testimony pp. 13-14). Given the anticipated impact the master-meter rules will have on the split-incentive barrier, MidAmerican’s approach is sensible and reasonable.

J. Issue 8b: Multi-Sector Programs – Appliance Recycling.

Issue 8b includes whether MidAmerican should incorporate carefully-crafted messaging and engage in program-affiliated pick-up staff and whether MidAmerican should eliminate its Nonresidential Appliance Recycling program. As part of the Settlement Agreement, MidAmerican agreed to eliminate the Nonresidential Appliance Recycling program for nonresidential business customers and reallocate that funding (*i.e.*, \$54,000 per year) to the Residential Low-Income program for

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supplemental weatherization and weatherization rebates. (Settlement Agreement, Art. III, pp. 4-5). Furthermore, MidAmerican agreed to allow master-metered multi-family complexes to participate in the Residential Appliance Recycling program because the recycled appliances will be originating from the individual units.

(Settlement Agreement, Art. III, p. 5).

With respect to messaging, MidAmerican will continue to conduct cross-promotional activities during the scheduling and pick-up of appliances. (Settlement Agreement, Art. III, p. 4). These activities may include the use of emails and leave-behind information related to other available programs. (Settlement Agreement, Art. III, p. 4).

According to information provided by OCA, the Nonresidential Appliance Recycling program contributes less than 1 percent of the electric savings while being the most expensive non-residential program. (OCA Loiter Direct Testimony p. 8). The Settlement Parties' resolution of this issue is reasonable and will be approved.

K. Issue 9: Support Function, and Issue 9b: Support Function – Annual Report Affidavit

The Parties framed Issue 9 as whether MidAmerican's Evaluation, Measurement, and Verification plan, Iowa TRM support plan, planned stakeholder engagement, including collaboration, and planned reports and updates are appropriate. Issue 9b is whether MidAmerican should be required to submit an affidavit with its annual report filing to ensure the report is complete, accurate, and includes noteworthy program changes.

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Addressing the affidavit first, OCA recommends MidAmerican's annual report be supported through an affidavit completed by MidAmerican management with knowledge of the energy efficiency program administration. (OCA Parker Direct Testimony p. 26). OCA contends such an affidavit would provide assurance that the report is complete, accurate, and includes all noteworthy program changes. (OCA Parker Direct Testimony p. 26).

In its response, MidAmerican asserts it strives to provide reports that are complete, accurate, and include the appropriate information related to the performance of the Plan programs and that it should have the flexibility to determine what to include in the report pertaining to Plan delivery. (MidAmerican Yoder Reply Testimony p. 7). MidAmerican further notes that in addition to the report, stakeholders have the opportunity to ask questions concerning the report and to provide input regarding the report or the reporting process at an annual meeting. (MidAmerican Yoder Reply Testimony p. 7).

As part of the settlement, the Settlement Parties resolved their disputes concerning the annual reports and Issue 9b. Pursuant to the terms of the agreement, MidAmerican agreed its annual reports will include a narrative explaining the program performance and updates on pilots and research and development projects. (Settlement Agreement, Art. III, p. 4). MidAmerican further agreed its report will be accompanied by an affidavit, although MidAmerican retains the flexibility in determining the report's content and detail. (Settlement Agreement, Art. III, p. 4). MidAmerican also agreed to continue to file the January 31, 2018 filing of program

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changes as filed in Docket No. EEP-2012-0002, which the Settlement Parties state is useful and reasonable. (Settlement Agreement, Art. III, p. 4).

Concerning the areas of dispute set forth in Issue 9, MidAmerican agrees to incorporate and complete the Evaluation, Measurement, and Verification (EM&V) according to Application Exhibit 8 included in its Plan. (Settlement Agreement, Art. III, p. 4). MidAmerican additionally agreed to perform EM&V for new measures and programs (e.g., advanced thermostats, Home Energy Reports) once appropriate data is available for the EM&V process and as early as possible in the plan cycle. (Settlement Agreement, Art. III, p. 4).

MidAmerican further agrees to implement the TRM according to the approved User Guide (Vol. 1) and will coordinate EM&V and TRM efforts as possible and when appropriate to do so. (Settlement Agreement, Art. III, pp. 3-4).

The Board has previously held a “five-year energy efficiency plan is not static” and commitments by the parties to engage in an ongoing collaborative process should improve plan implementation. *In re: Interstate Power and Light Company*, Docket No. EEP-2012-0001, “Final Order,” p. 6 (Dec. 2, 2013). Of import, in several portions of the Settlement Agreement, MidAmerican commits to ongoing collaboration and cooperation with the Parties and other stakeholders. Commencing in 2020, MidAmerican agrees to convene approximately three collaboration meetings each year at mutually agreeable times to discuss: low-income supplemental weatherization, pilot programs (upstream/midstream equipment programs and demand response), uniform cost definitions, and allocation of realized cost savings.

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(Settlement Agreement, Art. III, pp. 3-4). EM&V collaboration will commence in 2019.

(Settlement Agreement, Art. III, pp. 3-4).

Coupled together, the Settlement Parties' resolution of Issue 9 and Issue 9b will ensure valuable information will be included in MidAmerican's energy efficiency annual reports for use by the Board, stakeholders, and customers in evaluating program results and implementation. MidAmerican will be required to continue filing energy efficiency annual reports presenting its energy efficiency plan implementation and other items, including those agreed to in the Settlement Agreement, on or before May 1 of each Plan year. Furthermore, the Board will require MidAmerican file both net and gross savings results in the energy efficiency annual report for purposes of historical comparisons.

The Board will also require MidAmerican to file an update of program features. In this update filing, MidAmerican will be required to describe program changes that do not require modification of the Plan. This update filing will be due on or before January 31 of each Plan year.

As set forth above, the annual filings provide the Board, stakeholders, and customers valuable information pertaining to the Plan and Plan performance. The Settlement Parties' resolution of issues pertaining to the annual reports, EM&V, the TRM, and collaboration in Issue 9 and Issue 9b are reasonable, consistent with the law, and in the public interest.

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L. Issue 12: Administrative Cost.

The Parties framed Issue 12 as whether the Board should develop a definition of administrative costs and require MidAmerican to maintain administrative costs below 25 percent of any energy efficiency or demand response plan.

OCA contends that, historically, MidAmerican's actual administrative costs were approximately 21 percent of total actual electric energy efficiency spending and approximately 20 percent of total actual natural gas energy efficiency spending. (OCA Parker Direct Testimony p. 19). As initially proposed in its Plan, OCA contends MidAmerican's natural gas energy efficiency administrative costs are approximately 30 percent. (OCA Parker Direct Testimony p. 19). OCA recommends the administrative expenses be limited as much as possible and not exceed 25 percent of the energy efficiency plan or a demand response plan. (OCA Parker Direct Testimony p. 19).

As part of the Settlement Agreement, MidAmerican agrees its administrative costs should be reduced as much as feasible and agrees that over the course of the five-year Plan, its administrative costs shall not exceed 25 percent of the energy efficiency and demand response Plan budgets. (Settlement Agreement, Art. III, pp. 3-4). Additionally, MidAmerican agrees to collaborate with the OCA, other parties, and other utilities to better define cost categories to increase uniformity and understanding of reporting by all utilities. (Settlement Agreement, Art. III, pp. 3-4).

Per the terms of the Settlement Agreement, MidAmerican and OCA resolved their differences concerning Issue 12 and committed to work together collaboratively. In light of the record as a whole, the Settlement Parties' resolution of Issue 12 and

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MidAmerican's commitment to work toward reduction of administrative costs is reasonable and in the public interest.

M. Issue 13: Trade Allies.

Issue 13 is whether MidAmerican should continue to use a Trade Ally (TA) portal, requiring all TAs to be TA Partner status, create robust metrics to track TA activity and communications, and require interaction with the TA portal on a regular basis.

OCA contends TA support is an important factor that will contribute to the Plan's success. (OCA Davison Direct Testimony p. 23). As such and based on the Plan as initially filed, OCA recommended MidAmerican implement improvements to better engage trade allies through the Trade Ally Central website and portal. (OCA Davison Direct Testimony pp. 23-29). The Trade Ally Central website provides general information and support to all of MidAmerican's trade allies. (OCA Davison Direct Testimony p. 24). If a trade ally meets certain requirements and chooses to become a Trade Ally Partner, then MidAmerican provides the trade ally access to an exclusive Trade Ally Partner portal, which allows the ally to manage an individualized profile and provides additional support and marketing resources. (OCA Davison Direct Testimony p. 24).

Under the terms of the Settlement Agreement, MidAmerican agrees to continue to provide a dedicated portal for TAs, although the portal may no longer be a separate website independent from MidAmerican's own website. (Settlement Agreement, Art. III, p. 5). See OCA Davison Direct Testimony p. 27 (recommending MidAmerican continue to offer the portal). Additionally, MidAmerican agreed to no

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longer require TAs be a TA Partner or require interactions with the TA portal on a regular basis. (Settlement Agreement, Art. III, p. 5). The Board finds MidAmerican's and OCA's agreement on the trade allies issue to be reasonable, consistent with the law, and in the public interest.

N. Issue 14: Key Account Managers.

The Parties identified Issue 14 as whether MidAmerican should continue its Key Account Manager (KAM) recognition program. Through its submitted testimony, OCA expressed concern regarding the expected annual costs for MidAmerican's KAM incentive and recognition program in the Plan. (OCA Parker Direct Testimony p. 43). While appreciating the significant coordination required to ensure information regarding program requirements is communicated to customers, OCA suggested MidAmerican should make efforts to reduce administrative costs and apply the savings to support greater incentives for energy efficiency natural gas measures. (OCA Parker Direct Testimony pp. 43-44).

OCA and MidAmerican agreed to a resolution of Issue 14 as part of the Settlement Agreement. Under the terms of the settlement, MidAmerican agreed to the continuation of its non-incentive KAM recognition program during the Plan, which includes all Key Account personnel (*i.e.*, KAMs and Business Account Managers). (Settlement Agreement, Art. III, p. 7).

The Settlement represents a reasonable resolution to Issue 14. The evidence submitted by the Parties indicates the coordination of information to customers is essential. Prior to the Settlement Agreement, MidAmerican recognized the KAM recognition program warranted review and potential adoption. (MidAmerican Yoder

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Reply Testimony pp. 10-11). Therefore, the Board finds MidAmerican's and OCA's agreement on the KAM recognition program to be reasonable in light of the record as a whole.

IV. NON-UNANIMOUS ISSUES.

The following issues have been settled by the Settlement Parties, but have been disputed by at least one non-signatory Party to the Settlement Agreement.

A. Issue 2: Annual Savings Targets and Budgets.

Issue 2 is framed by the Parties as whether MidAmerican's proposed annual energy efficiency and demand response savings targets and budgets are appropriate.

Under the statutory scheme controlling this matter, the Board's authority over a utility's energy efficiency budget is limited. Specifically, Iowa Code § 476.6(15)(c)(2) precludes the Board from requiring MidAmerican adopt a plan that includes costs in excess of the statutory criteria.

According to MidAmerican, historical data reveals the cost of its energy efficiency portfolio as a percentage of total revenue has grown over time and "is now at a level that exceeds the average spending of most states nationwide."

(MidAmerican Hosch Direct Testimony p. 8). By way of example, MidAmerican states that spending for electric programs under the current plan represents approximately 7.4 percent of total electric revenue, which is higher than any state in the nation according to the 2017 American Council for an Energy-Efficiency Economy Scorecard. (MidAmerican Hosch Direct Testimony pp. 8-9).

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With respect to the present Plan before the Board, MidAmerican states the Plan attempts to “right-size” the energy efficiency programs and brings its spending in line with energy efficiency spending nationwide. (MidAmerican Hosch Direct Testimony pp. 9). As initially filed, MidAmerican asserts total spending under the Plan for electric energy efficiency is about \$163 million, which is approximately 2 percent of the expected retail rate revenues for its electric utility during the five-year period. (MidAmerican Initial Brief p. 12; Plan, Exhibit 1, p. 8). The total budget for MidAmerican’s demand response programs is approximately \$60 million, or about 0.8 percent of retail electric revenue. (Plan, Exhibit 1, p. 8; MidAmerican Hosch Direct Testimony p. 10). MidAmerican’s natural gas budget is projected to be approximately \$33 million, or about 1.5 percent of its anticipated retail natural gas revenue. (Plan, Exhibit 1, p. 8; MidAmerican Initial Brief p. 12). According to MidAmerican, its proposed Plan is intended to maximize savings while offering programs for a broad group of customers while maintaining a rate-payer impact test above 1.0. (MidAmerican Khan Direct Testimony p. 6).

1. *OCA’s Position and Discussion.*

OCA recognizes MidAmerican’s proposed budgets are set near the statutory levels of 2 percent of retail revenue for electric energy efficiency and 1.5 percent of retail revenues for natural gas energy efficiency. (OCA Parker Direct Testimony p. 6). However, because of the reduced budgets proposed under the Plan, OCA argues the Plan will achieve much lower energy savings as compared with the current plan. (OCA Initial Brief p. 6). In light of the statutory levels, OCA opines it is necessary for MidAmerican to deliver efficiency savings at the lowest practical cost,

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to focus spending on the most beneficial programs, and to implement cost-savings measures. (OCA Loiter Direct Testimony p. 7). To their credit, through the pendency of this case and as evidenced by the Settlement Agreement, MidAmerican and OCA worked collaboratively with the other Settlement Parties to find areas of cost savings to maximize energy efficiency impacts. As discussed in greater detail above, MidAmerican will continue to pursue opportunities for cost savings, including reductions in personnel, streamlining assessment of potential and plan development costs, and elimination of high-cost promotions, and will strive to reduce administrative costs. (Settlement Agreement, Art. III, pp. 3-4). OCA ultimately opined “MidAmerican’s plan appropriately provides the maximum budget authorized by Senate File 2311 for the purpose of achieving as much cost-effective energy efficiency potential as possible.” (OCA Initial Brief p. 8).

2. *ELPC/IEC’s Position and Discussion.*

ELPC/IEC argue the budget provisions of Senate File 2311 do not inhibit MidAmerican’s discretion to exceed the limits, but state that MidAmerican has chosen not to do so. (ELPC/IEC Initial Brief pp. 2, 4). In light of the statutory language, ELPC/IEC argue program design and mechanisms for addressing underspending and reaching budget limits have become much more important than in previous plans. (ELPC/IEC Initial Brief p. 4). While believing the provisions of the Settlement Agreement make a number of improvements over the Plan as originally filed and while finding the Settlement Agreement’s approach toward cost reductions and savings reasonable, ELPC/IEC argue the agreement is inadequate and incomplete. (ELPC/IEC Initial Brief at pp. 4, 8). ELPC/IEC proposed a number of program or Plan

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design changes to capture more cost-effective energy efficiency savings. For example, ELPC/IEC argue MidAmerican should have a plan to reallocate unspent dollars to capture additional achievable savings. (ELPC/IEC Initial Brief p. 8). ELPC/IEC further contends MidAmerican should reinstate the residential and commercial assessment programs, implement midstream/upstream programs, provide additional funding for low-income programs, and work toward achieving better value from its demand response plan by implementing pilot programs. (ELPC/IEC Initial Brief p. 9).

ELPC/IEC's objections appear to focus primarily on program design rather than the Plan's budget as identified in Issue 2. See ELPC/IEC Initial Brief p. 5 (stating the Plan "carries with it two distinct risks stemming from program design changes to accommodate the budget"). While the Board will discuss ELPC/IEC Plan and program design concerns in greater detail below, for purposes of the Plan's proposed budget, ELPC/IEC recognize the applicable statute "restricts the Board's ability to require adoption of a plan that, at the time of adoption, is projected to exceed specified annual budget limits for gas efficiency, electric efficiency, or demand response plans." (ELPC/IEC Initial Brief p. 2).

3. *IBEC's Position and Discussion.*

IBEC argues MidAmerican's demand response budget is inadequate. (IBEC Initial Brief p. 8). As noted above, the total budget for MidAmerican's demand response programs is approximately \$60 million, which amounts to about 0.8 percent of retail electric revenue. (Plan, Exhibit 1, p. 8; MidAmerican Hosch Direct Testimony p. 10). At hearing, MidAmerican asserted the budget is based on a desire to

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maintain the current participation level and while proposing to decrease the curtailment credit amount, MidAmerican believes the participation level will remain constant. (Tr. pp. 161-63). IBEC disagrees, believing a reduction of the curtailment credit amount will jeopardize continued participation in the Nonresidential Interruptible Program. (IBEC Stephens Rebuttal Testimony p. 7; IBEC Initial Brief p. 8). Phrased differently, IBEC contends MidAmerican's proposed demand response budget is insufficient to maintain current participation and that maintaining the current curtailment credit amount (and consequently, increasing MidAmerican's proposed demand response budget) would not result in the budget exceeding the statutory provisions on demand response spending. (IBEC Stephens Surrebuttal Testimony p. 6; IBEC Initial Brief p. 8). IBEC warns that the decreased curtailment credits could lead to decreased participation in the Nonresidential Interruptible Program and that a reduction in the assumed nonresidential load management capacity of as little as 25.5 percent would lower the benefits-to-cost ratio under the RIM test to less than 1.0. (IBEC Stephens Surrebuttal Testimony pp. 5-6; IBEC Initial Brief p. 7).

As Issue 2 simply pertains to the Plan's annual targets and budget, the Board will address IBEC's substantive contentions regarding the Nonresidential Interruptible Program and curtailment credits in greater detail below. *See infra* Issue V.D. While MidAmerican's demand response budget is lower than the percentage set forth in Iowa Code § 476.6(15)(c)(2), the amount is approximately the same level of demand response as proposed by MidAmerican in the plan it initially filed in Docket No. EEP-2017-0001. (MidAmerican Hosch Direct Testimony p. 10). According to MidAmerican, demand response is intended to offset the need to build additional

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generation capacity and, at this time, MidAmerican does not have a business reason to increase the load in its demand response programs. (MidAmerican Hosch Direct Testimony pp. 10-11). Through the passage of Senate File 2311, MidAmerican argues the Iowa Legislature sent a clear message that energy efficiency programs should balance benefit and cost and the demand response budget reflects the value the program provides to all of its customers. (MidAmerican Initial Brief pp. 12, 19). OCA concurs with MidAmerican's assessment, stating the Legislature created the budget criteria to avoid wasteful spending on energy efficiency and demand response and that to increase MidAmerican's demand response budget "would be wasteful and expose MidAmerican's ratepayers to excessive and unreasonable costs." (OCA Initial Brief pp. 7-8). OCA further states that even assuming, arguendo, that MidAmerican's demand response budget should be increased, the additional funding should not be spent on the Nonresidential Interruptible Program but on other programs to enable broader customer participation and increased demand response impacts, including direct load control-smart thermostat demand program, time-of-use rate participation, or other appropriate demand response pilot programs. (OCA Initial Brief pp. 7-8).

The Board finds MidAmerican provided sufficient evidence to support its proposed demand response budget. While the demand response budget is lower than the criteria set in Iowa Code § 476.6(15)(c)(2), MidAmerican provided evidence demonstrating the budget is at a level it reasonably believes necessary to accomplish its purpose. (MidAmerican Hosch Direct Testimony pp. 10-11). Simply put, MidAmerican's evidence establishes it "does not currently have a capacity driven

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reason for increasing its demand response programs.” (MidAmerican Initial Brief p. 18-19 (citing MidAmerican Hammer Direct Testimony pp. 7-8)).

4. *Conclusion.*

Under the terms of the Settlement Agreement, MidAmerican agreed to reallocate funding to supplement certain programs. However, the overall budget proposed by MidAmerican was not altered by the Settlement Agreement.

As set forth above, the Plan’s proposed budgets are within the statutory provisions and the Board finds MidAmerican provided sufficient evidence to support the Plan and program budgets. With the reallocation of funding in the Settlement Agreement, there could be minor changes in the savings targets and cost-effectiveness produced under the Plan. Based on the information provided to the Board, any such alterations will not be substantial and as a whole, the Board finds the proposed savings targets, as modified by the Settlement Agreement, to be reasonable and the Board approves the same. MidAmerican is required to document any program specific changes in its budgets and savings impacts, by year, and total budgets and savings impacts that occur as a result of the Settlement Agreement and this Order. This information shall be filed with the Board within thirty days following the filing of this Order, and shall include an update to Plan, Exhibit 3 “Benefit Cost” Exhibit 4 “Budget/Accounting Costs”, and Plan, Exhibit 11 “Savings.”

B. Issue 4b: Residential Energy Efficiency Programs – Residential Assessment.

In their Joint Statement of Issues, the Parties identified Issue 4b as whether MidAmerican should be required to continue offering on-site assessments and other

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support for customers to access and implement and encourage efficiency. The filing also identified OCA and ELPC/IEC as the Parties raising this issue.

MidAmerican's Residential Assessment Program is delivered through two components, namely: (1) an interactive online assessment, and (2) an energy efficiency kit upon completion of the online assessment. (Plan, Exhibit 1, p. 19; MidAmerican Yoder Direct Testimony p. 4; Tr. pp. 120-21). The online assessments provide a lower-cost alternative compared to the on-site assessments, provide customizable energy efficiency information to customers, provide flexibility to users, can be used any time, and do not require an appointment. (Plan, Exhibit 1, pp. 19-25; ELPC/IEC Hearing Exhibits 308 & 309). For customers without a computer, MidAmerican personnel are available to complete the assessment over the phone. (Tr. pp. 115-116). The energy efficiency kit may include low-flow showerheads, faucet aerators, smart power strips, and light-emitting diodes (LEDs). (Plan, Exhibit 1, p. 19).

ELPC/IEC contend MidAmerican should offer residential on-site assessments under which MidAmerican would direct an expert to visit a customer's residence, provide the customer recommendations and information about available incentives, and install measures. (ELPC/IEC Initial Brief p. 11). ELPC/IEC argue the online assessments are inferior to on-site assessments for a number of reasons, including that customers may not know all the information necessary to answer the online assessment. (ELPC/IEC Initial Brief p. 12). In response to ELPC/IEC and ICCI questioning on this point, MidAmerican witness Tina Yoder acknowledged that some customers may not be able to acquire all the information to answer each online

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assessment question. (Tr. pp. 30-32, 93-94). Additionally, the installation rate for kits is lower than direct installations. (Tr. p. 32; ELPC/IEC Hearing Exhibit 308).

ELPC/IEC assert MidAmerican can reinstate on-site assessments without affecting the overall RIM test by making the assessments part of MidAmerican's education program. (ELPC/IEC Johannsen Rebuttal Testimony p. 5). See Iowa Code § 476.6(13) (providing educational programs "need not be cost-effective and shall not be considered in determining cost-effectiveness of plans as a whole"). In sum, ELPC/IEC assert MidAmerican should reinstate the on-site assessment programs if additional funds become available. (EPLC/IEC Initial Brief p. 13).

As part of the Settlement Agreement, MidAmerican agrees to a number of items relating to the Residential Assessment program. While reaffirming the use of online assessments as opposed to on-site assessments, MidAmerican agrees to support residential customers' adoption of energy efficiency through its energy efficiency call center, through outreach to customers participating in the online assessment, and through educational materials. (Settlement Agreement, Art. III, p. 6). MidAmerican also agrees to provide interested customers a list of contractors able to provide on-site assessments for a fee. (Settlement Agreement, Art. III, p. 6). With respect to the energy efficiency kits, MidAmerican agrees to use similar eligibility guidelines as were used for on-site assessments and, in the event a customer requests additional parts of a kit, MidAmerican agrees to provide the components to the requesting customer. (Settlement Agreement, Art. III, p. 6).

The Settlement Agreement states MidAmerican has issued a Request for Proposal (RFP) to integrate the calculation of conversion rates for rebated measures

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for customers who sign in to the online tool through their MidAmerican bill account and not as a guest user, which MidAmerican will consider implementing if the integration can be accomplished at a reasonable cost. (Settlement Agreement, Art. III, p. 6). According to the agreement, the RFP is seeking a contractor “to provide information about the recommendations provided to customers to assist MidAmerican with conducting follow-up and promotional activities with customers for measures recommended during the online assessment.” (Settlement Agreement, Art. III, p. 6). MidAmerican expects that through the RFP process, a tool will be created that is “customer-friendly, provides personalized recommendations, helps customers to get started on recommendations, tracks their progress, and allows MidAmerican to conduct follow-up and promotional activities on a regular basis.” (Settlement Agreement, Art. III, p. 6).

The Board finds the Settlement Agreement constitutes a reasonable resolution of on-site-versus-online assessment and approves the same. As a result of low cost-effectiveness results and with the intent of reducing energy efficiency costs given the budget language in Iowa Code § 476.6(15)(c)(2), MidAmerican decided to replace the on-site assessment with an online assessment. (ELPC/IEC Hearing Exhibit 309). While opining the residential and commercial assessment programs are ideal programs for additional budget dollars, ELPC/IEC does not identify from where those additional budget dollars should come or how such budget modifications would affect the overall RIM test. Furthermore, no Party disputes that the Board cannot require MidAmerican to spend funds in excess of the § 476.6(15)(c)(2) limits.

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Although ELPC/IEC correctly observe that educational programs are exempt from the cost-effectiveness test under § 476.6(13), funding for on-site assessments would need to be moved from other programs, which could change the RIM scores of those programs. ELPC/IEC also suggest that if additional funds materialize, MidAmerican should reinstate the on-site assessments. However, it would be inefficient to require MidAmerican to create a new program with no guarantee of continued funding. Additionally, through the Settlement Agreement, MidAmerican commits to seek other cost-reduction opportunities and to incorporate those savings back into existing energy efficiency programs, such as the low-income supplemental weatherization program. (MidAmerican Reply Brief pp. 3-4; Settlement Agreement, Art. III, pp. 2-3). For these reasons, the Board finds the Settlement Agreement's resolution of Issue 4b is reasonable in light of the record as a whole, consistent with the law, and in the public interest.

C. Issue 4d(1): Residential Energy Efficiency Programs – Residential Low-Income (Investment).

Issue 4d(1) is whether MidAmerican should increase its level of investment for low-income programs.

MidAmerican contends the low-income budgets as amended by the Settlement Agreement are consistent with its commitment to provide cost-conscious energy efficiency for all customer classes in line with Senate File 2311. (MidAmerican Initial Brief pp. 15-16 (citing MidAmerican Yoder Reply Testimony pp. 11-12)). ELPC/IEC and ICCI request MidAmerican spend in excess of the statutory limits or shift funds from other programs to increase investment for low-income

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programs. (ELPC/IEC Grevatt Rebuttal Testimony pp. 48-49, 59; ELPC/IEC Grevatt Surrebuttal pp. 2, 7-8; ICCI Ohloff Rebuttal p. 3). MidAmerican neither intends to exceed the § 476.6(15)(c)(2) limits nor shift funds between Plan programs.

(MidAmerican Initial Brief p. 15). Under its Plan, according to MidAmerican, bills for fixed- and low-income customers will be lower and more stable and shifting funds among programs will lead to a reduction of the overall cost-effectiveness of the Plan. (MidAmerican Initial Brief pp. 15-16; MidAmerican Hosch Reply Testimony p. 4).

OCA argues MidAmerican's Plan, as modified by the Settlement Agreement, provides a reasonable residential energy efficiency portfolio. (OCA Initial Brief pp. 13-22). According to OCA, the settlement advances important goals of providing low-income households with supplemental weatherization services and insulation rebates. (OCA Initial Brief p. 14). On this point, the Settlement Agreement reallocates approximately \$350,000 per year from the elimination of MidAmerican's Nonresidential Appliance Recycling program and the Residential Air Source Heat Pump measure to the Supplemental Weatherization program. (Settlement Agreement, Art. III, p. 2). OCA further notes that under the agreement, MidAmerican agrees to reallocate 50 percent of customer contributions, about \$250,000, to supplement weatherization activities for its low-income customers. (OCA Initial Brief p. 14; Settlement Agreement, Art. III, pp. 2-3). Furthermore, OCA states the additional funding for low-income customers will not negatively impact the RIM or other cost-effectiveness results. (OCA Initial Brief p. 16 (citing OCA Kruger Direct Testimony pp. 30-37)). OCA contends there is a significant need for greater support

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for low-income weatherization initiatives and the Settlement Agreement is a step toward meeting this need. (OCA Initial Brief p. 25).

ELPC/IEC argue the Plan's "low income plan budgets do not remotely meet the needs of low income customers." (ELPC/IEC Initial Brief p. 15). ELPC/IEC assert the proposed low-income programs would reach less than 1 percent of the eligible customers and would save dramatically less than the programs in MidAmerican's previous plans. (ELPC/IEC Grevatt Rebuttal Testimony pp. 43-44). ELPC/IEC note that MidAmerican's discovery responses establishes that LIHEAP customers have approximately the same average annual electric and natural gas bills as non-LIHEAP customers. (Tr. pp. 53-54; ELPC/IEC Hearing Exhibit 310). ELPC/IEC argue that because of the high energy costs and the large gap between eligible customers and customers served by MidAmerican's proposed low-income programs, the Board should require MidAmerican: (1) to allocate a portion of available budget dollars to fund low-income programs, (2) to fund oversubscriptions in its low-income programs, and (3) not to suspend low-income programs mid-year. (ELPC/IEC Initial Brief p. 16).

To grant EPLC/IEC all the relief it requests would require the Board either order MidAmerican spend in excess of the criteria set forth in Iowa Code § 476.6(15)(c)(2) or order MidAmerican reallocate program budgets. All Parties agree § 476.6(15)(c)(2) precludes the Board from requiring a utility to spend in excess of the criteria and no evidence has been submitted identifying from which programs the funds should be reallocated, the amounts of any such reallocation, and how such reallocations would affect the Plan's cost-effectiveness and RIM analysis.

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As part of the Settlement Agreement, the Settlement Parties agreed to reallocation of certain budgets (*i.e.*, allocation from the budgets of the Nonresidential Appliance Recycling Program and the Residential Air Heat Pump measure to be put toward the low-income Supplemental Weatherization program). (Settlement Agreement, Art. III, p. 2). Further, the Settlement Parties provided the Board evidence upon which it may measure the cost-effectiveness of the entire Plan and compute the RIM test.

The Board finds the Settlement Agreement constitutes a reasonable approach to allocating additional funds for low-income residential programs. In addition to the \$350,000 of supplemental funding for the low-income Supplemental Weatherization program and the customer contribution fund modifications, MidAmerican agreed to move excess and unused funds to programs that are experiencing overspending. (Tr. pp. 54-56; Settlement Agreement, Art. III, p. 3). Consequently, there may be additional funding allocated to low-income programs if MidAmerican realizes excess funds during the implementation of its Plan. The Board finds the approach approved by the Settlement Parties to increase funding for low-income residential programs is reasonable in light of the complete record, is not inconsistent with the law, and in the public interest.

D. Issue 4f: Residential Energy Efficiency Programs – Midstream Programs.

The Parties frame Issue 4f as whether MidAmerican should be required to move more measures to upstream models and launch a midstream HVAC program by January 2020. The Joint Statement of the Issues provides that the Settlement Agreement resolved OCA's concerns but not ELPC/IEC's.

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ELPC/IEC recommend MidAmerican transition its residential and nonresidential HVAC programs to utilize midstream incentives and promotions rather than downstream rebates. (ELPC/IEC Grevatt Rebuttal Testimony p. 32-34). ELPC/IEC opine this approach has the potential to provide greater savings opportunities with less customer effort, may generate much higher participation rates at lower administrative costs per participant, and could allow for a reduction in incentives, which would further reduce program costs per participant. (ELPC/IEC Grevatt Rebuttal Testimony p. 34).

ELPC/IEC point out that pursuant to the Settlement Agreement, the Settlement Parties resolved Issue 4f with MidAmerican agreeing to “participate in collaboration to design upstream/downstream programs for lighting and/or other technologies.” (Settlement Agreement, Art. III, p. 5). The Settlement Agreement further provides that collaboration meetings to discuss a number of items, including upstream and downstream equipment programs, will not commence until 2020. (Settlement Agreement, Art. III, p. 4). ELPC/IEC contend the collaboration meetings should commence in 2019 and that the Board should order status reports be filed concerning the collaboration efforts and any resulting pilots. (ELPC/IEC Initial Brief p. 15).

OCA is optimistic that the collaborative process as provided in the Settlement Agreement will identify additional upstream and midstream delivery opportunities for other energy efficiency measures. (OCA Initial Brief pp. 21-22). To this point, MidAmerican states it is actively exploring midstream programs for both residential and nonresidential programs in later years of the Plan and will continue to study the

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potential of midstream program offerings. (MidAmerican Initial Brief p. 17; Tr. pp. 49-50). With respect to the timing, MidAmerican asserts these options require additional study and review. (MidAmerican Initial Brief p. 17).

As set forth above and per the Settlement Agreement, MidAmerican will participate in collaboration to design upstream and midstream programs for lighting and/or other technologies. (Settlement Agreement, Art. III, p. 5). Although ELPC/IEC request MidAmerican begin collaborative meetings prior to 2020, the Board finds MidAmerican justified the decision to wait until 2020. In the beginning of the Plan, MidAmerican intends to concentrate its resources on Plan implementation. (Tr. pp. 51-52). Concerning ELPC/IEC's request that MidAmerican file status reports detailing the collaborative efforts, the Board finds the updates will be of benefit to the Board, stakeholders, and MidAmerican's customers. Therefore, MidAmerican shall include updates on the collaborative efforts related to midstream and upstream programs in its energy efficiency annual report. The Board finds the resolution of Issue 4f to be reasonable and in the public interest.

E. Issue 8a(2): Multi-Sector Programs – Income-Qualified Multi-Family Housing (Investment).

Issue 8a(2) is whether MidAmerican should increase its level of investment for the Income-Qualified Multi-Family Housing program.

ELPC/IEC argue MidAmerican should generally increase the budgets for low-income programs. (ELPC/IEC Grevatt Rebuttal Testimony pp. 48-49; ELPC/IEC Grevatt Surrebuttal Testimony p. 7). Likewise, NHT contends MidAmerican should increase the funding for income-qualified multi-family housing, streamline low-income

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multi-family participation, and partner with the Iowa Finance Authority. (NHT Brink Rebuttal Testimony pp. 3-15). MidAmerican counters that increasing the funding for the low-income programs would increase the Plan's budget beyond the limits established in Iowa Code § 476.6(15)(c)(2) and would result in a reduced cost-effectiveness of the entire Plan. (MidAmerican Hosch Reply Testimony pp. 4-5).

In the Settlement Agreement, the Settlement Parties, including NHT, agreed to expand the eligibility criteria for the Income-Qualified Multi-Family program. However, an increase in funding for the program is not included in the agreement. Given the budgetary constraints, the Board finds the approach set forth in the Settlement Agreement to be a reasonable resolution to Issue 8a(2) and approves the same.

F. Issue 10: Benchmarking.

Issue 10 is whether MidAmerican should be required to provide automatic uploads of data for all qualifying buildings in the City of Des Moines. The Joint Statement of the Issues identifies OCA and ELPC/IEC as the entities raising Issue 10.

Benchmarking is the comparison of energy use of a particular building with something similar and can provide building owners with information to assist them in better controlling energy use. (OCA Kruger Direct Testimony p. 37; ELPC/IEC Johannsen Rebuttal Testimony p. 14). OCA argues benchmarking provides many benefits to building owners and managers beyond reduced energy bills, including identifying hidden problems, driving quicker responsive action, prioritizing energy and water action, and providing the opportunity to earn "Green" status through Energy

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Star or LEED certification. (OCA Kruger Direct Testimony pp. 37-38). Through the Settlement Agreement, OCA and MidAmerican proposed a resolution of their differences on this issue with MidAmerican agreeing to work in good faith with municipalities on benchmarking initiatives and the methods of providing individual and aggregate data. (Settlement Agreement, Art. III, p. 3). However, MidAmerican did not commit to provide automatic uploads on behalf of its customers. (Settlement Agreement, Art. III, p. 3).

ELPC/IEC acknowledge MidAmerican is working with the City of Des Moines on the implementation of the city's voluntary *Energize Des Moines* initiative. (ELPC/IEC Johannsen Rebuttal Testimony p. 14). ELPC/IEC contend MidAmerican should do more, including taking the necessary steps to allow for free-flowing customer information and data with municipalities. (ELPC/IEC Johannsen Rebuttal Testimony pp. 14-15). On this point, ELPC/IEC recommend MidAmerican be required to automatically upload data. (ELPC/IEC Johannsen Surrebuttal Testimony pp. 8-9).

MidAmerican contends automatic uploading of data should not be required and that it must retain flexibility in determining what data-sharing actions make sense for its customers. (MidAmerican Yoder Reply Testimony p. 2). MidAmerican asserts that in any data-sharing arrangement, it is obligated to ensure that customer data is only shared with authorized parties and it takes the protection of customer data and its information technology systems very seriously. (MidAmerican Yoder Reply Testimony p. 2; MidAmerican Initial Brief pp. 24-26). Furthermore, MidAmerican states that because municipalities may implement different types of benchmarking

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programs, MidAmerican could incur extensive administrative costs if it was required to enter into arrangements with each. (MidAmerican Initial Brief p. 25).

For the reasons expressed by MidAmerican, the Board will not require the automatic uploading of customer data for benchmarking purposes. MidAmerican bears a significant responsibility to ensure the safety of customer data and should maintain the flexibility in determining when and under what conditions it will share such data with third parties. The Board acknowledges the benefits of benchmarking and appreciates MidAmerican's and OCA's settlement of this issue, which requires MidAmerican to work in good faith with municipalities on benchmarking initiatives and the sharing of data. As such, the Board finds the Settlement Agreement's resolution of Issue 10 to be in the public interest and approves the same.

G. Issue 11: Upstream Lighting.

Issue 11 is identified as whether MidAmerican should be required to continue its Upstream Lighting program by offering incentives for specialty bulbs through 2020.

In the Joint Statement of Issues, Issue 11 is identified as being contested by OCA and ELPC/IEC. OCA, however, resolved the issue as part of the Settlement Agreement. Under the terms of the agreement, MidAmerican may discontinue the upstream retail lighting program because "[t]he market for LED lighting has significantly matured in recent years and the rate of free-ridership is likely to be high and increase going forward." (Settlement Agreement, Art. III, p. 5).

ELPC/IEC contend the discontinuation of the program harms MidAmerican's customers in at least two ways. (ELPC/IEC Grevatt Rebuttal Testimony pp. 25-26). First, ELPC/IEC assert customers will bear greater costs for their energy service in

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the long-term and, second, customers will be afforded fewer opportunities to receive MidAmerican support to reduce their energy costs. (ELPC/IEC Grevatt Rebuttal Testimony pp. 25-26). To eliminate these harms, ELPC/IEC recommend MidAmerican continue its partnership with Interstate Power and Light Company and implement a program focused on specialty bulbs, which, according to EPLC/IEC, experiences a much lower free-ridership problem. (ELPC/IEC Grevatt Rebuttal Testimony p. 26).

MidAmerican responds that the program should be discontinued given the maturity of the LED market and the increased rate of free-ridership. (MidAmerican Initial Brief p. 26). MidAmerican further asserts the program is not cost-effective considering other program opportunities in the Plan. (MidAmerican Initial Brief p. 26). OCA concurs with MidAmerican, stating the purpose of incentives is to support the market transformation to a point where customers make energy efficiency choices without the need of incentives. (OCA Initial Brief p. 21). Once market transformation occurs, according to OCA, it is appropriate to discontinue the incentives and reallocate energy efficiency funds to other areas of need. (OCA Initial Brief p. 21).

The Board agrees with OCA's assessment. Due to market maturity, the benefits of an upstream approach are lessened while the potential of free-ridership is increased. At a minimum, OCA and MidAmerican suggest incentives are no longer necessary to support energy efficient lighting and reallocating the funds from the Upstream Retail Lighting program to other programs will be more cost-effective. Therefore, the Board finds resolution of Issue 11 as contained in the Settlement

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Agreement to be reasonable and in the public interest. The Board will not require MidAmerican to continue the Upstream Retail Lighting program as a part of the Plan.

H. Issue 8: Multi-Sector Programs.

The Parties framed the overarching question is Issue 8 as whether MidAmerican's proposed multi-sector programs, specifically Income-Qualified Multi-Family Housing, Appliance Recycling, Education, Trees, and Regulatory Assessments, are appropriate. Elsewhere in this Order, the Board addressed all the sub-issues related to the multi-sector programs identified in Issue 8 except for the Trees program. Although the Trees program is not included as an item in the Settlement Agreement, Issue 8 appears to be uncontested. However, in the abundance of caution, the Board will address the issue.

As part of its Plan, MidAmerican proposes to continue funding for its community tree-planting program. (Plan, Exhibit 1, pp. 106-110). Under the program, any municipality in MidAmerican's service area may submit a grant request for tree-planting projects in common areas (e.g., publicly owned land, city owned rights of way, etc.) (Plan, Exhibit 1, p. 106). Municipalities applying for grant funds must provide 50 percent cost-sharing, either in cash or in-kind services. (Plan, Exhibit 1, p. 109).

In its Initial Brief, OCA proposes "modest refinements" to the Trees program. (OCA Initial Brief p. 28). OCA recommends procedural alterations to the administration of the program (e.g., grants paid in installments to ensure the program will have a clear energy efficiency nexus). (OCA Davison Direct Testimony pp. 30-

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32). OCA further suggests retention of the *Plant Some Shade* track of the Trees program in the event funding becomes available. (OCA Initial Brief p. 28).

As a signatory to the Settlement Agreement, OCA asserts it resolved all of its Plan disputes with MidAmerican. (Settlement Agreement, Art. II, p. 2). Therefore, while MidAmerican may consider the OCA's suggestions, the Board does not construe OCA's comments in its Initial Brief as contesting the Trees program. Regardless, the Board finds MidAmerican sufficiently supported the program as a beneficial component of the Plan. According to MidAmerican, in addition to the annual grants, the program "provides energy efficiency educational materials about the benefits of tree planting in an energy efficiency landscape and [helps] cross-promote and highlight other energy efficiency opportunities for customers." (MidAmerican Yoder Direct Testimony p. 5). The Board, therefore, approves the Trees program as proposed by MidAmerican.

V. CONTESTED ISSUES.

At the beginning of the November 19, 2018 hearing, the Board distributed to the Parties IUB Hearing Exhibit 305, which lists all issues the Parties did not unanimously settle. (Tr. p. 5). The Parties agreed IUB Hearing Exhibit 305 lists the issues that remained contested at hearing. (Tr. pp. 5-11). Each contested issue will be discussed in turn.

A. Issue 1: Plan Requirements.

The parties framed Issue 1 as whether MidAmerican's proposed Plan is consistent with Iowa law, including the new provisions in Senate File 2311, and

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meets the plan requirements set forth in 199 IAC 35.8, 199 IAC 35.9, and 199 IAC 35.10.

MidAmerican contends its Plan meets the requirements of Iowa statutory law and the Board's administrative rules. (MidAmerican Initial Brief pp. 9-10).

MidAmerican states that with its July 9, 2019 plan submission, it filed a "Cross-Index" that specifies each applicable Board rule and the rule's associated filing requirement, and identifies each MidAmerican witness and exhibit that addresses the required information in the corresponding rule. (MidAmerican Initial Brief pp. 9-10; Plan, Cross-Index). MidAmerican further asserts its Plan is supported by direct and reply testimony and exhibits and provides a range of energy efficiency and demand response programs for all customers. (MidAmerican Initial Brief p. 10). See e.g., MidAmerican Yoder Direct Testimony p. 2 (identifying the plan filing requirements that her testimony addresses).

OCA concurs, stating MidAmerican's Plan, as modified by the Settlement Agreement, is consistent with Iowa law. OCA notes the proposed Plan sets forth programs for all customer classes as required by Iowa Code § 476.6(15)(a) and achieves a positive overall RIM test result. (OCA Initial Brief p. 7).

Conversely, IBEC contends the Plan is inconsistent with Iowa law because the Plan's anticipated benefits and the projected results of the RIM test are unreasonably based on the erroneous assumption that participation in the Nonresidential Interruptible Program will remain at a constant level despite a reduction in the curtailment credit. (IBEC Initial Brief p. 6). According to evidence presented by IBEC, a reduction of the assumed nonresidential load management capacity of as

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little as 25.5 percent would lower the benefits-to-cost ratio under the RIM test to less than 1.0. (IBEC Stephens Surrebuttal Testimony p. 6). IBEC further states the results of the total resource cost and societal tests would also be adversely impacted by lower participation in the Nonresidential Load Management program. (IBEC Reply Brief pp. 2-3).

On August 8, 2018, the Board issued an order in this docket finding MidAmerican's Plan "substantially complies" with the requirements set forth in Board rules. See 199 IAC 35.6(2) (stating each energy efficiency plan application "which meets the requirements of the chapter shall be docketed as a contested case proceeding"). No party filed an objection to the docketing of MidAmerican's Plan application nor did any Party contend the application failed to comply with any statutory provision or rule. Perhaps more importantly, through this contested case proceeding, no Party presented evidence that MidAmerican's application fails to include the necessary elements or information as required by statute or rule.

While IBEC takes issue with a program included in the Plan (*i.e.*, the Nonresidential Load Management program), the Board will discuss that program separately below. See *infra* Issue V.D. Additionally, although Parties, including IBEC, contend the Plan is not cost-effective as required under section 476.6(13), the Board will discuss the cost-effectiveness of the Plan as a separate issue. See *infra* Issue VI.A.

Focused squarely on whether MidAmerican's application included the necessary requirements and information as outlined in 199 IAC chapter 35 and Iowa Code § 476.6, the Board finds in the affirmative. MidAmerican's Plan offers

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programs for all customer classes and includes programs for qualified low-income persons as required under § 476.6(15)(a)(1)(a) and rule 35.8. As required under rule 35.8, the Plan includes a summary of the plan. The Plan includes an assessment of potential, description of the proposed plans and budgets, annual goals by program and the plan as a whole, and a monitoring and evaluation plan. See 199 IAC 35.8. MidAmerican's proposed budget for electric, demand response, and natural gas program spending do not exceed the budgetary limits established in § 476.6(15)(c)(2). MidAmerican's Plan includes all necessary components. Therefore, with the caveat that it will discuss the contested individual programs and the cost-effectiveness of the Plan in greater detail below, the Board finds MidAmerican's Plan contains the necessary elements as required by statute and rule.

B. Issue 4e: Residential Energy Efficiency Programs – On-Bill Financing.

Issue 4e is whether MidAmerican should be required to offer customers the *Pay As You Save* (PAYS) model of on-bill financing to enable them to complete energy efficiency upgrades. ICCI advocates in favor of inclusion of the PAYS model in the Plan. (ICCI Initial Brief p. 1).

According to ICCI, under the PAYS model, a utility invests in energy efficiency upgrades at customer sites without the customer making an initial financial contribution to the upgrade. (ICCI Ohloff Direct Testimony p. 4). Through the use of a tariff, the utility then places a fixed charge on the customer's monthly bill that is less than the estimated savings generated by the upgrade. (ICCI Ohloff Direct Testimony p. 4). Until the investment is recovered, the PAYS charge is fixed to the property, as

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opposed to the individual resident or residents, and automatically transfers to future customers at that location. (ICCI Ohloff Direct Testimony p. 4).

With respect to the details, ICCI states the customer wishing to participate in the program enters into an agreement with the utility that allows the utility to make the initial energy upgrade and recover its costs with an additional charge on the customer's bill up to 80 percent of the estimated savings from the upgrade during 80 percent of the life of the upgrade. (ICCI Ohloff Direct Testimony pp. 4-5). In the event the upgrade is not cost-effective, ICCI states the customer can make an initial co-payment to buy down the cost of the upgrade. (ICCI Ohloff Direct Testimony p. 5). ICCI contends this model results in customers enjoying an immediate and sustained cash flow and once the utility recovers its costs for the upgrade and the monthly charge terminates, the customer's bill is reduced even further as a result of the energy savings from the upgrade and the removal of the PAYS charge. (ICCI Ohloff Direct Testimony pp. 4-5).

MidAmerican states it considered the PAYS model and found its risks to outweigh its potential benefits. (Tr. pp. 99-100). Additionally, MidAmerican asserts the model would introduce additional administrative costs and logistical challenges, including the legal consequences of a change of residency at a property's location, responsibilities for costs associated with repairing or replacing equipment, and issues pertaining to debt collection. (Tr. pp. 99-100, 113-14). Perhaps more importantly, based on its own analysis, MidAmerican opined the customer costs would actually increase rather than decrease. (Tr. p. 113).

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First and foremost, the Board questions whether it possesses the statutory authority to require MidAmerican include a PAYS model. Prior to the energy efficiency amendments in Senate File 2311, the Iowa Code provided the Board with authority to require rate-regulated utilities implement energy efficiency financing.

Specifically, § 476.6(17) (2018) provided:

The board may require each rate-regulated gas or electric public utility to offer qualified customers the opportunity to enter into an agreement for the amount of moneys reasonably necessary to finance cost-effective energy efficiency improvements to the qualified customers' residential dwellings or businesses.

However, Senate File 2311 removed this provision. 2018 Iowa Acts ch. 1135, § 12.

It is well established that legislative intent may be expressed through omission, as well as the inclusion, and “a change is presumed when a new statute does not contain language included in a former version of the law.” *State v. Breach*, 630 N.W.2d 598, 600 (Iowa 2001) (citing *Marcus v. Young*, 538 N.W.2d 285, 289 (Iowa 1995); *State v. Allison*, 5756 N.W.2d 371, 373 (Iowa 1998)). In other words, “[w]hen an amendment to a statute adds or deletes words, a change in the law is presumed” and this Board must assume the legislature “sought to accomplish some purpose” with the amendment. *Homan v. Branstad*, 887 N.W.2d 153, 166 (Iowa 2016) (citing *Davis v. State*, 682 N.W.2d 58, 61 (Iowa 2004)).

Because the legislature removed the statutory language that provided the Board with the discretion to require utilities provide energy efficiency financing and in light of the above-cited standards, the Board concludes the legislature intended to remove this discretion from the Board. Phrased differently, because of the

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amendment, the Board finds it lacks the statutory authority to compel MidAmerican include the PAYS model.

However, even assuming, *arguendo*, such authority still remains, the Board finds the evidence does not support the inclusion of the PAYS model. In order to create the program, MidAmerican would incur implementation and administrative costs. Beyond those costs, MidAmerican would incur additional program costs. While ICCI contends the program is self-funded (*i.e.*, MidAmerican's initial expenditures are recouped from customers over time), see Tr. p. 105, MidAmerican would be required to expend funds on the front-end to make the upgrade purchases. ICCI did not present evidence as to whether those funds should come from other programs and, if so, in what amounts, or whether MidAmerican should be required to spend in excess of the § 476.6(15)(c)(2) limits. If ICCI contends the budgets from other programs should be reduced to fund the PAYS model, there is no evidence in the record as to whether the cost-effectiveness of those other programs would be altered, if at all, and whether the cost-effectiveness and RIM results of the entire Plan would change.

In sum, because it lacks the statutory authority to compel a rate-regulated utility to offer energy efficiency financing and because the evidence in the record neither supports the PAYS model nor explains the consequences should MidAmerican be required to offer the PAYS model, the Board will not require MidAmerican to offer an on-bill financing program as part of its Plan.

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C. Issue 5: Residential Demand Response Program.

The Parties framed Issue 5 as whether MidAmerican should offer Residential Demand Response programs in different forms or as pilot projects.

As part of its Plan, MidAmerican proposes a Residential Load Management program to provide financial incentives to residential customers for allowing MidAmerican to control their central air conditioning when MidAmerican forecasts the possibility of setting a system peak demand or when operation conditions require. (Plan, Exhibit 1, pp. 41-46). Residential customers who live in owner-occupied, single-family homes with qualifying central air conditioning are eligible for the program. (Plan, Exhibit 1, p. 41).

ELPC/IEC advocate for the development of a pilot non-wires alternative (NWA) demand side management program that would defer or avoid the need for construction of growth-related infrastructure. (ELPC/IEC Grevatt Rebuttal testimony pp. 49-50). ELPC/IEC identified several considerations necessary for the NWA program and contend MidAmerican should develop an NWA pilot program as part of its demand response plan. (ELPC/IEC Grevatt Rebuttal Testimony pp. 50-51; ELPC/IEC Initial Brief pp. 17-18).

In both its prefiled and hearing testimony, MidAmerican expressed willingness and commitment to work on developing ideas with stakeholders but does not believe the pilot project ideas, including NWA, are sufficiently defined or vetted to making a decision at this point. (MidAmerican Hosch Reply Testimony p. 6; Tr. p. 136).

Furthermore, as part of the Settlement Agreement, MidAmerican commits to

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collaborative meetings with stakeholders to discuss a number of items, including pilot programs. (Settlement Agreement, Art. III, p. 4).

Pursuant to rule 35. 8(10), “[p]ilot projects may be included as a program, if justified by the utility [and] shall explore areas of innovative or unproven approaches, as provided in Iowa Code section 476.1.” Currently, neither the Iowa Code nor the Board’s rules require a utility include pilot programs as part of its energy efficiency plan.

As noted above, in its submitted evidence and the Settlement Agreement, MidAmerican agreed to collaborate with stakeholders on pilot projects. Through the collaborative process, MidAmerican and stakeholders will have the flexibility to determine when and how to discuss the merits of these programs and others that may be proposed following Plan implementation. The Board concurs with MidAmerican’s assessment that the evidence concerning the pilot programs at this point does not provide sufficient definiteness and specificity to determine whether the proposed pilots should be implemented or not. Therefore, the Board does not find it appropriate to require MidAmerican offer pilot programs, including the NWA program, as part of this Plan. MidAmerican will be required, however, to include updates on pilots and the collaborative efforts as part of its energy efficiency annual reports. See *supra* Issue IV.D.

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D. Issue 7a: Nonresidential Demand Response Program – Curtailment Credit.

The Parties identified Issue 7a as whether MidAmerican’s proposed curtailment credit reduction from the current Rider CS Curtailment Service level is appropriate.

MidAmerican’s Nonresidential Load Management program “provides large nonresidential customers with financial incentives to reduce demand during MidAmerican’s system peak hours.” (Plan, Exhibit 1, p. 76). “Incentives are defined on the basis of dollars per contracted kilowatt demand reduction versus achieved kilowatt of reduced demand.” (Plan, Exhibit 1, p. 79). The program targets nonresidential customers with a minimum of 250 kilowatts of curtailable load during MidAmerican’s peak demand periods, and MidAmerican estimates 1,503 of its customers are eligible to participate in the program. (Plan, Exhibit 1, p. 80).

In its Plan, MidAmerican proposes to reduce the credit level from the current \$46/kW/year to \$30/kW/year. (MidAmerican Hosch Direct Testimony p. 10). MidAmerican explains the reduction is made to ensure customers, including residential customers, are not overpaying for demand response benefits and because MidAmerican does not have a capacity-driven business reason to increase the load in its demand response programs. (MidAmerican Hosch Direct Testimony pp. 10-11). MidAmerican describes its current demand response as “robust, well utilized, and stable” and does not expect a reduction of long-term participation in the demand response programs as a result of the curtailment credit reduction. (MidAmerican Hosch Direct Testimony p. 11).

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MidAmerican states the starting point in its credit amount calculation is the value of capacity in Midcontinent Independent Systems Operator, Inc. (MISO), for MidAmerican's zone and bridged to the carrying charge of a new combustion turbine over ten years. (OCA Hearing Exhibit 1; Tr. pp. 154-55). MidAmerican then averaged the capacity value for years 2019 to 2023 to correspond with the Plan, resulting in a single capacity value for the duration of the Plan, which is discounted to account for the actual effect curtailment has on reducing system peak load. (OCA Hearing Exhibit 1; Tr. pp. 154-55).

OCA supports the reduction of the curtailment credit because the credit amount reflects the current and near-term value of market capacity. (OCA Munoz Direct Testimony pp. 20-21). OCA contends the proposed credit value ensures customers are not overpaying for demand response benefits and argues that maintaining the current credit level would be unreasonable when market prices indicate a lower value is more appropriate. (OCA Initial Brief pp. 25-26).

For several reasons, IBEC argues the proposed reduction in the curtailment credit is unreasonable, untested, and unsupported. (IBEC Initial Brief pp. 3-6). Primarily, IBEC takes issue with MidAmerican's contention that the credit reduction would not adversely affect the program's participation rate. (IBEC Initial Brief p. 3). MidAmerican neither modeled participation changes nor hired consultants to review potential participation changes. (Tr. p. 147). IBEC argues MidAmerican's own curtailment program evaluation, conducted by a MidAmerican consultant, reveals that financial incentive is a "key motivator" for program participation. (IBEC Hearing Exhibit 104 at p. ix). As part of the evaluation, the consultant conducted "11 in-depth"

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interviews with program participants and each participant reported the financial incentive was “their major driver for participation,” although the perceived value varied. (IBEC Hearing Exhibit 104 at pp. 11, 26). Six participants expressed an intent to continue participating in the program even if the incentives are reduced (so long as it remains financially feasible) and the other five participants indicated a reduction in the incentive amount might impact their participation. (IBEC Hearing Exhibit 104 at p. 27). On this point, IBEC prefiled the testimony of Samuel Harper, Regional Manager for Gerdau Steel North America. (IBEC Harper Rebuttal Testimony p. 1). Mr. Harper testified Gerdau Steel operates a facility in MidAmerican’s service area and that a decrease in the curtailment credit makes Gerdau Steel less competitive (due to the increase in the cost of electricity) and may cause the company to stop participating in the program. (IBEC Harper Rebuttal Testimony p. 5). Program participation is of significant importance, according to IBEC, because a reduction of the assumed nonresidential load management capacity could lower the benefits-to-cost ratio under the RIM test to less than 1.0. (IBEC Stephens Surrebuttal Testimony p. 6).

IBEC argues that the Nonresidential Demand Response program is by far the most cost-effective component of the Plan. (IBEC Stephens Surrebuttal Testimony, p. 5, Table 1). IBEC contends the program generates a benefits-to-cost ratio of 4.27 and, for comparison purposes, the next highest program ratio is the Residential Load Control with a ratio of 2.15. (IBEC Stephens Surrebuttal Testimony, p. 5, Table 1). See *also* Plan, Exhibit 1, p. 77 (MidAmerican calculating the societal test ratio for the program as 4.81). According to IBEC, no program other than the Nonresidential

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Demand Response program and the Residential Load Control program provide positive net benefits, which makes program participation and success of significant importance. (IBEC Stephens Surrebuttal Testimony, p. 5, Table 1; IBEC Initial Brief pp. 6-7).

Finally, IBEC argues no program budgets would need to be cut to maintain the current credit levels. (IBEC Stephens Surrebuttal Testimony p. 6). Even if the current credit levels are maintained, MidAmerican would not exceed the demand response limits established in Iowa Code section 476.6(15)(c)(2). (IBEC Stephens Surrebuttal Testimony p. 6).

In response, MidAmerican reiterates it lacks a capacity-driven reason to maintain interruptible credits at their current levels and the proposed level is based on the value the program brings to all MidAmerican customers. (MidAmerican Reply Brief p. 6). MidAmerican characterizes IBEC's position as simply seeking a bigger financial benefit for its members without identifying any overall customer benefit. (MidAmerican Reply Brief p. 6).

MidAmerican argues IBEC presented no study or other evidence demonstrating a reduction in the credit amount will result in a reduction in participation levels. (MidAmerican Reply Brief p. 7). MidAmerican hypothesizes that even if some participants discontinue participation in the program due to the economics of each participant's unique situation, other participants will continue to find the program attractive and perhaps other customers may join the program. (MidAmerican Reply Brief p. 8). Finally, if necessary, MidAmerican argues it possesses the ability to adjust the curtailment credit level in the Rider CS Curtailment

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Service tariff to achieve the desired level of program participation. (MidAmerican Initial Brief pp. 21-22).

Prior to addressing the substance of the issue, the Board first examines IBEC's request for discovery sanctions under Iowa Rule of Civil Procedure 1.517(2)(b). (IBEC Initial Brief p. 6; IBEC Reply Brief p. 5 n.1). See 199 IAC 7.15(1) (stating "[d]iscovery procedures application in civil actions are available to parties in contested cases"). IBEC asserts MidAmerican failed to disclose "raw survey data," information which IBEC characterizes as being "central to this case," and as such, requests the Board order that the "designated facts shall be taken to be established for the purposes of the action." (IBEC Initial Brief p. 6). However, under the clear language of Rule 1.517(2)(b) and the adjudicatory law interpreting the same, the condition precedent to the imposition of the sanction requested by IBEC is the violation of a discovery order. See Iowa R. Civ. P. 1.517(2)(b) (providing sanctions may be imposed for a party's failure "to obey an order to provide or permit discovery"); *Reis v. Iowa Dist. Ct. for Polk County*, 787 N.W.2d 61, 73 (Iowa 2010) (noting Rule 1.517(2)(b) "authorizes sanctions for failure to obey [discovery] orders"). In this situation, no such order to compel discovery was issued by the Board. Furthermore, IBEC failed to allege or demonstrate it suffered the prejudice that would justify the issuance of a discovery sanction. See e.g., *Hagenow v. Schmidt*, 842 N.W.2d 661, 672 (Iowa 2014) (discussing discovery sanction in context of resulting prejudice), *rev'd other grounds, Alcala v. Marriott Int'l, Inc.*, 880 N.W.2d 699 (Iowa 2016). At hearing and through the cross-examination of MidAmerican's witnesses, IBEC counsel thoroughly detailed the nature of the discovery issue and the Board takes

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that information into consideration while providing the evidence the weight it deserves. (Tr. pp. 149-151).

In analyzing the substantive component of this issue and the Parties' arguments and evidence, the Board finds two facets to be of significant import. First, MidAmerican supports its proposed curtailment credit amount through a well-reasoned methodology. As opposed to selecting an arbitrary credit amount, MidAmerican based the interruptible credit calculation on MISO capacity value over the duration of the Plan. Second, the curtailment credit amount is linked to the value MidAmerican places on demand response benefits and at the present, MidAmerican does not have the business reasons to increase the load in its demand response programs, (MidAmerican Hosch Direct Testimony pp. 10-11). The Board believes the legislature's recent amendments to the energy efficiency provisions of § 476.6 reflects an intent to ensure a utility's customers are not overpaying for energy efficiency and demand response programs. To that end, MidAmerican reduced the curtailment credit value so that its customers, including its residential customers, are not overpaying for demand response benefits. (MidAmerican Hosch Direct Testimony pp. 10-11). For these reasons, the Board approves MidAmerican's proposed curtailment credit of \$30/kW/year for the Nonresidential Load Management program.

The Board appreciates IBEC's concern regarding participation levels. However, MidAmerican committed to monitor participation, and, if necessary, to modify the curtailment credit amount by revising the Rider CS Curtailment Service tariff. The Board will also monitor participation in the Nonresidential Load

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Management program and require MidAmerican to provide the Board with the total number of enrolled customers and total amount of enrolled capacity as part of its energy efficiency annual report.

E. Issue 7b: Nonresidential Demand Response Program – Pilots.

Issue 7b is whether MidAmerican should offer Nonresidential Demand Response programs in different forms or as pilot projects.

ELPC/IEC argue MidAmerican should implement a solar generation pilot project to manage peaks. (ELPC/IEC Initial Brief pp. 18-19; ELPC/IEC Johannsen Rebuttal Testimony p. 8). ELPC/IEC contend solar generation is a highly cost-effective option for reducing and managing peak and can be specifically designed for maximum production during afternoon peak hours. (ELPC/IEC Johannsen Rebuttal Testimony pp. 8-9). ELPC/IEC observe that at hearing, MidAmerican acknowledged the solar generation pilot program was worthy of further exploration. (Tr. p. 139). ELPC/IEC request the Board order MidAmerican engage in the collaborative process with stakeholders on solar generation in calendar year 2019. (ELPC/IEC Initial Brief pp. 18-19).

MidAmerican responds that solar generation does not fall within the scope of “energy efficiency.” (MidAmerican Initial Brief p. 23). Under the Board’s administrative rules, “energy efficiency” means “activities on the customers’ side of the meter which reduce customers’ energy use or demand including, but not limited to, end-use efficiency improvements; load control or load management; thermal energy storage; or pricing strategies.” 199 IAC 35.2. Nevertheless, MidAmerican committed to engaging in the collaborative process beginning in 2020. (Tr. pp. 138-

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40).

As previously noted, rule 35.8(10) provides “[p]ilot projects may be included as a program, if justified by the utility [and] shall explore areas of innovative or unproven approaches, as provided in Iowa Code section 476.1.” However, there is no provision in statute or rule that requires a utility include pilot programs as part of its energy efficiency plan.

MidAmerican agreed to collaborate with stakeholders on pilot programs beginning in 2020. (Settlement Agreement, Art. III, p. 4; Tr. pp. 51-52, 138-40). As previously discussed with other issues pertaining to pilot programs in this Order, the Board does not find it appropriate to order MidAmerican offer pilot programs as part of its Plan and believes that in light of the resources required for Plan implementation in 2019, commencement of the collaborative process in 2020 is reasonable. Therefore, the Board will not order the inclusion of a solar generation pilot program as part of this Plan.

F. Issue 9a: Support Functions – Public Hearings.

Issue 9a is framed as whether the Board should hold public hearings before considering MidAmerican’s proposed Plan. ICCI raised this issue.

On October 9, 2018, ICCI filed a “Motion to Amend Procedural Schedule,” in which it requested the Board schedule public meetings concerning the Plan in each city with a population of 30,000 or more located in MidAmerican’s service territory. In the event the public meetings could not occur prior to the commencement of the November 19, 2018 hearing, ICCI requested the Board reschedule the hearing to a later date.

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On November 1, 2018, the Board entered an “Order Denying Motion to Amend Procedural Schedule Filed October 9, 2018.” In the order, the Board noted that in Senate File 2311, the legislature set March 31, 2019, as the date by which the Board is required to accept, reject, or modify all energy efficiency plans. Recognizing it would be required to hold hearings for each rate-regulated utility, on June 8, 2018, the Board set the hearing date for MidAmerican and the other rate-regulated utilities so the Board’s adjudication of each affected utility’s plan could occur prior to the March 31, 2019 deadline. The Board further observed that to grant the public meetings requested by ICCI (*i.e.*, meetings in each city with a population of 30,000 or more) would require the Board to schedule and hold 12 public hearings throughout Iowa (*i.e.*, Des Moines, Cedar Rapids, Davenport, Sioux City, Iowa City, Waterloo, West Des Moines, Ankeny, Council Bluffs, Urbandale, Marion, and Bettendorf). Given these facts, the Board did not find good cause to reschedule MidAmerican’s November 19, 2018 hearing, especially given the potential harm that could result from rescheduling, see Iowa Code § 476.6(15)(c)(4) (stating “[i]f the board fails to approve, reject, or modify a plan filed by a gas or electric utility on or before such date, any plan filed by the gas or electric utility that was approved by the board prior to May 4, 2018, shall be terminated”), and denied ICCI’s motion.

Following the issuance of the Board’s November 1, 2018 order, ICCI has not raised any new facts, authority, or arguments concerning this issue. (ICCI Initial Brief pp. 1-3). Therefore, the Board finds this issue has been resolved by the Board’s November 1, 2018 “Order Denying Motion to Amend Procedural Schedule Filed October 9, 2018.”

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G. Issue 15: Funding Overages.

Issue 15 relates to how MidAmerican will act on program applications submitted after funds for a program have been exhausted for the year. In its Plan, MidAmerican proposes to limit program spending to the approved budget levels and may temporarily reduce or suspend incentives as needed to manage customer costs and to stay within its budget. (MidAmerican Yoder Direct Testimony pp. 9-10).

OCA is generally supportive of MidAmerican's approach, noting MidAmerican agreed to support and accommodate customer interest in and demand for cost-effective energy efficiency programs. (OCA Initial Brief pp. 12-13; Settlement Agreement, Art. III, p. 7). OCA observes that at hearing, MidAmerican witness Yoder testified that in the event overspending occurs, MidAmerican will investigate to determine the cause and examine whether there are other programs that may be underspending such that MidAmerican can reallocate funds. (Tr. pp. 54-55).

ELPC/IEC recommend the Board direct MidAmerican to manage Plan program budgets on a multi-year basis or implement a rebate reservation system (*i.e.*, a waitlist). (ELPC/IEC Grevatt Rebuttal Testimony pp. 57-58). According to ELPC/IEC, the multi-year budget would allow MidAmerican to advance funds from subsequent years and would allow MidAmerican to provide a longer lead-time in the event it needs to suspend a program if funds are fully expended. (ELPC/IEC Grevatt Rebuttal Testimony p. 57). ELPC/IEC assert the waitlist will provide assurance to customers and contractors that if funds are currently unavailable, they will receive a rebate at the beginning of the next program year. (ELPC/IEC Grevatt Rebuttal Testimony pp. 57-58). Of particular import, ELPC/IEC argue failure to include a

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waitlist creates inequities under which those customers with the financial ability to shift the timing of an equipment purchase to when rebates are available are much better off than those customers with more limited financial resources who may not receive the benefit of efficiencies under MidAmerican's Plan. (ELPC/IEC Initial Brief p. 7 (citing Tr. pp. 57-58)). While contending the multi-year budget proposal is preferable to the waitlist, ELPC/IEC state either option is preferable to MidAmerican suspending customer access to the program. (ELPC/IEC Grevatt Rebuttal Testimony pp. 57-58).

Iowa Code § 476.6(15)(c)(2) limits the amount of funding the Board may require a public utility provide for energy efficiency and demand response programs. MidAmerican provided evidence indicating it intended to fully subscribe all programs. (Tr. p. 55). MidAmerican also commits to reallocating funds between programs as necessary to allow for as much customer participation as possible. (Tr. p. 55; Settlement Agreement, Art. III, p. 7). MidAmerican asserts it will communicate with its trade allies as programs reach certain thresholds (*i.e.*, 50 percent, 65 percent, 75 percent, 80 percent, and more communications between 80 percent and 100 percent) and that these communications are an effective means of keeping contractors and customers informed and managing expectations. (Tr. pp. 117-18; MidAmerican Initial Brief p. 27).

The Board finds requiring multi-year budgeting would create unnecessary volatility in the energy efficiency cost-recovery factor. See 199 IAC 35.12(3) (setting forth the formula for calculating the energy efficiency cost-recovery factors). With respect to ELPC/IEC's financial inequities argument as support for the waitlist,

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ELPC/IEC's own witness asserted the waitlist creates similar inequities. (ELPC/IEC Grevatt Rebuttal Testimony pp. 57-58). Specifically, in its prefiled testimony, ELPC/IEC assert a waitlist approach allows customer with greater financial resources the opportunity to make a purchase and wait for the rebates while those customers with less financial resources "would not, and would likely find that they had to choose less efficient equipment." (ELPC/IEC Grevatt Rebuttal Testimony pp. 57-58). The Board will not require MidAmerican to create a waitlist or use multi-year budgets to management the implementation of the Plan.

VI. STATUTORY CONSIDERATIONS.

In addition to the issue findings previously made, the Board must address whether MidAmerican's Plan meets the statutory requirements.

A. Cost-Effectiveness.

Pursuant to Iowa Code § 476.6(13), the Board may not approve an energy efficiency plan unless it is cost-effective. In determining the cost-effectiveness of a plan, the Board shall apply "the societal test, total resource cost test, utility cost test, rate-payer impact test, and participant test." A "utility's threshold of cost-effectiveness for its plan as a whole shall be a benefit/cost ratio of 1.0 or greater." 199 IAC 35.8(1)(e)(2).

MidAmerican's Plan contains \$709 million in net electric benefits and \$41 million in net natural gas benefits. (MidAmerican Hearing Exhibit 101). The Plan is projected to provide cumulative savings of 767 million kilowatt-hours and 8.3 million therms. (Application ¶ 5, p. 3). By the end of the Plan in 2023, MidAmerican

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anticipates the Plan will reduce its electric peak demand by 466 MW. (Application ¶ 5, p. 3).

Evidence submitted by MidAmerican demonstrates that the Plan as a whole is cost-effective under the tests required under § 476.6(13). (MidAmerican Hearing Exhibit 101). Under the societal test, the Plan's result is a 2.94. (MidAmerican Hearing Exhibit 101). Under the total resource cost test, the Plan's result is a 2.02. (MidAmerican Hearing Exhibit 101). Under the utility cost test, the Plan's result is a 3.74. (MidAmerican Hearing Exhibit 101). Under the rate-payer impact test, the Plan's result is 1.06. (MidAmerican Hearing Exhibit 101). Under participant test, the Plan's result is a 2.02. (MidAmerican Hearing Exhibit 101).

The Board finds MidAmerican's Plan is cost-effective.

B. All Customer Classes/Qualified Low-Income.

Energy efficiency and demand response plans must include a range of programs tailored to the needs of all customers classes, including residential, commercial and industrial customers. *Id.* at § 476.6(15)(a)(1)(a). A plan must also include programs for qualified low-income customers. *Id.*

The Board finds MidAmerican's Plan provided programs tailored to each customer class. (Plan, Exhibit 1). The Plan also provides programs for qualified low-income customers, including the statewide weatherization, supplemental weatherization, and home energy reports. (Plan, Exhibit 1, pp. 32-40). Therefore, the Board finds the scope of the Plan's programs meets the customer classes requirements in § 476.6(15)(a)(1)(a).

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C. Budget.

Pursuant to Iowa Code § 476.6(15)(c)(2), the Board may not require a gas utility adopt an energy efficiency plan that results in projected cumulative average annual costs that exceed 1.5 percent of the gas utility's expected annual Iowa retail rate revenue from retail customers in the state. Similarly, the Board may not require an electric utility to adopt an energy efficiency plan that results in projected cumulative average annual costs that exceed 2 percent of the electric utility's expected annual Iowa retail rate revenue from retail customers in the state. *Id.* Finally, the Board may not require an electric utility to adopt a demand response plan that results in projected cumulative average annual costs that exceed 2 percent of the electric utility's expected annual Iowa retail rate revenue from retail customers in the state.

MidAmerican's total electric energy efficiency spending under the Plan is approximately \$163 million, which is about 2 percent of the expected retail rate revenues for MidAmerican's electric utility during the five-year plan. (Plan, Exhibit 1, pp. 1, 8; OCA Parker Direct Testimony pp. 59-60; MidAmerican Initial Brief p. 12). For natural gas energy efficiency, the total spending under the Plan is approximately \$33 million, which is about 1.5 percent of the expected retail natural gas revenues. (Plan, Exhibit 1, pp. 1, 8; OCA Parker Direct Testimony pp. 59-61; MidAmerican Initial Brief p. 12). Electric demand response spending under the Plan is approximately \$60 million, which is about 0.8 percent of retail electric revenue. (Plan, Exhibit 1, p. 8; MidAmerican Hosch Direct Testimony p. 10). The Board finds

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MidAmerican's energy efficiency and demand response budgets do not exceed the budget criteria contained in § 476.6(15)(c)(2).

D. Ratepayer Impact Test.

Pursuant to § 476.6(15)(a)(1)(b), rate-regulated utility customers may "request an exemption from participation in any five-year energy efficiency plan offered by an electric utility if the energy efficiency plan and demand response plan, at the time of approval by the board, have a cumulative rate-payer impact test result of less than one." The RIM score for MidAmerican's combined electric Plan is 1.09. (MidAmerican Hearing Exhibit 101). Because MidAmerican's RIM score is greater than 1.0, the customer exemption provision in § 476.6(15)(a)(1)(b) is not triggered.

VII. CONCLUSION.

The Board finds the Settlement Agreement reasonable in light of the record as a whole, consistent with the law, and in the public interest and approves MidAmerican's Plan as modified by the Settlement Agreement. The Plan is cost-effective taking into consideration the results from the societal test, the total resource cost test, the rate-payer impact test, the utility cost test, and the participant test. The Plan meets the plan requirements set forth in Iowa Code § 476.6 and 199 IAC chapter 35 and contains programs tailored to all customer classes and low-income customers. MidAmerican's total electric energy efficiency spending does not exceed 2 percent of expected retail revenues. MidAmerican's total natural gas energy efficiency spending does not exceed 1.5 percent of expected natural gas revenues. MidAmerican's electric demand response spending does not exceed 2 percent of

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expected annual retail revenues. Finally, the RIM score for MidAmerican's combined electric Plan is greater than 1.0.

MidAmerican shall document any program-specific changes in its annual budgets and savings impacts and total budget and savings impacts, by year, that occur as a result of the Settlement Agreement and this Order. MidAmerican shall file this information with the Board within thirty days from the date of this Order, and shall include an update to Plan, Exhibit 3 "Benefit Cost" Exhibit 4 "Budget/Accounting Costs," and Plan, Exhibit 11 "Savings."

MidAmerican is required to continue filing its energy efficiency annual report on or before May 1 of each Plan year. In its annual energy efficiency report and in addition to other material and information required in that filing, MidAmerican shall include updates on its collaborative efforts and pilot programs, both net and gross savings results for purposes of historical comparisons, and the total number of enrolled customers and total amount of enrolled capacity in the Nonresidential Load Management program.

On or before January 31 of each Plan year, MidAmerican shall file an update of program features. In this update filing, MidAmerican shall describe program changes that do not require modification of the Plan.

Finally, MidAmerican shall file its 2024-2028 energy efficiency plan on or before February 1, 2023.

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ORDERING CLAUSES

IT IS THEREFORE ORDERED:

1. The “Motion to Approve Revised Stipulation and Agreement” filed on November 16, 2018, by MidAmerican Energy Company; the Office of Consumer Advocate, a division of the Iowa Department of Justice; and Frontier Ethanol, LLC d/b/a POET Biorefining – Gowrie, is granted.
2. The “Revised Stipulation and Agreement” filed on November 16, 2018, by MidAmerican Energy Company; the Office of Consumer Advocate, a division of the Iowa Department of Justice; the National Housing Trust; and Frontier Ethanol, LLC d/b/a POET Biorefining – Gowrie, is reasonable in light of the record as a whole, consistent with the law, and in the public interest and, therefore, is approved.
3. MidAmerican Energy Company’s 2019-2023 Energy Efficiency and Demand Response Plan, as modified by the Revised Stipulation and Agreement, is approved.
4. Within thirty days from the date of this Order, MidAmerican Energy Company shall document and file with the Board in Docket No. EEP-2018-0002 any program-specific changes in its annual budgets and savings impacts and total budgets and savings impacts, by year, that occur as a result of the Revised Stipulation and Agreement. With this filing, MidAmerican shall include an update to Plan, Exhibit 3 “Benefit Cost” Exhibit 4 “Budget/Accounting Costs,” and Plan, Exhibit 11 “Savings.”
5. On or before May 1 of each Plan year, MidAmerican Energy Company shall file with the Board in Docket No. EEP-2018-0002 an energy efficiency annual

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report. MidAmerican Energy Company shall include in each annual report filing: (1) updates on its collaborative efforts, (2) updates on pilot programs, (3) net and gross savings, and (4) total number of enrolled customers and total amount of enrolled capacity in the Nonresidential Load Management program.

6. On or before January 31 of each Plan year, MidAmerican shall file with the Board in Docket No., EEP-2018-0002 an update of program features. In this filing, MidAmerican shall describe program changes that do not require Plan modification.

7. MidAmerican Energy Company shall file its next energy efficiency plan on or before February 1, 2023.

8. This order constitutes the final decision of the Utilities Board in Docket No. EEP-2018-0002.

UTILITIES BOARD

/s/ Geri D. Huser

/s/ Nick Wagner

ATTEST:

/s/ Kelsie Vanderflute

/s/ Richard W. Lozier, Jr.

Dated at Des Moines, Iowa, this 18th day of February, 2019.