

STATE OF IOWA
DEPARTMENT OF COMMERCE
UTILITIES BOARD

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| IN RE: MIDAMERICAN ENERGY COMPANY | DOCKET NO. EEP-2012-0002 |
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FINAL ORDER

(Issued December 16, 2013)

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I. PROCEDURAL HISTORY

On March 9, 2009, the Utilities Board (Board) issued an order directing MidAmerican Energy Company (MidAmerican) to file a new energy efficiency plan on or before February 1, 2013. MidAmerican filed its proposed plan on February 1, 2013, for the years 2014 through 2018. MidAmerican said that its total budget for the five-year plan is \$511.9 million with an annual budget that would increase from about \$94.9 million in 2014 to about \$110.4 million in 2018.

The Board docketed the filing, identified as Docket No. EEP-2012-0002, and set a procedural schedule by order issued on February 27, 2013. The order also required that MidAmerican file additional information, which MidAmerican provided on February 26, March 19, and April 3, 2013.

On July 17, 2013, the Iowa Customers for Energy Efficiency (ICEE) filed a motion to extend the time to file surrebuttal testimony. The Board granted the extension, allowing surrebuttal testimony to be filed on or before July 25, 2013, and the joint statement of issues to be filed on or before July 29, 2013.

In addition to the Consumer Advocate Division of the Department of Justice (Consumer Advocate), there are four intervenors or intervenor groups in this proceeding: the Iowa Environmental Council, Environmental Law and Policy Center, and Iowa Policy Project (Environmental Intervenors), Deere & Company (Deere), Winneshiek Energy District (WED), and ICEE, an ad-hoc group of MidAmerican industrial customers. Members of ICEE are Ag Processing Inc, Alcoa Inc., Cloverleaf Cold Storage, Clow Valve Company, Gelita USA Inc., General Mills Inc., Gerdau

Ameristeel, Inc., Gold-Eagle Cooperative, Kay-Flo Industries Inc., Little Sioux Corn Processors LP, Nestle Purina Pet Care Company, Nor-Am Storage, Plymouth Energy LLC, Tyson Foods, Inc., US Gypsum Corporation, and Valero Energy Corporation.

On July 29, 2013, the parties submitted a Joint Statement of Issues. On August 26, 2013, MidAmerican, Consumer Advocate, the Environmental Intervenors, Deere, and ICEE submitted a Non-Unanimous Partial Settlement Agreement (Settlement Agreement), based on the Joint Statement of Issues, which presented proposed resolutions to many of the issues. Not all issues were settled and some issues were settled by two or more of the signatories but not all the signatories to the Settlement Agreement. WED is not a signatory to the proposed partial settlement.

A hearing was held on August 28, 2013, for cross-examination of pre-filed testimony and questions regarding the Settlement Agreement. On August 30, 2013, the Board issued an order allowing the parties to file settlement comments with their post-hearing briefs on or before September 18, 2013. The order also gave the parties an opportunity to file reply comments regarding the Settlement Agreement on or before September 25, 2013.

The Settlement Agreement refers to the various issues as those issues were numbered in the Joint Statement of Issues filed by the parties. For convenience, the Board will refer to the issues by the numbers used by the parties.

II. II. SUMMARY OF FILINGS

MidAmerican's proposed energy efficiency plan for 2014 through 2018 contains 16 energy efficiency programs and is projected to produce total first-year savings of 1.1 billion kilowatt-hours (KWh) over the five years, which represents, on average, 1.19 percent of annual sales as forecasted in the plan. The programs are projected to reduce MidAmerican's annual peak demand by 504 megawatts (MW) by the end of 2018. The natural gas programs target about 36 million therms of total first-year savings over the five years, which represents, on average, 1.28 percent of annual sales. Over the five years, MidAmerican said it plans to invest almost \$550 million in energy efficiency programs with a net economic benefit of \$900 million to MidAmerican and its customers.

The Settlement Agreement filed by some of the parties lists 25 issues in a manner similar to the joint statement of issues filed by all parties. As noted earlier, the Board will use the issue number designation used in the Settlement Agreement when discussing the 25 issues. Some issues were resolved by all signatories to the Settlement Agreement (or some of the signatories did not take a position on a particular issue or issues), while other issues were resolved by two or three of the signatories.

For convenience, the issues have been broken down into contested issues (although two signatories might agree on some of those issues, others oppose the settlement of these issues), partially-settled issues (two or more signatories agree), and issues that have been largely settled (two or more signatories agreeing and

others not opposing). Contested issues include ICEE's opt-out proposal and renewable energy. Partially-settled issues include net-to-gross and revision of the energy efficiency cost recovery factors. Largely-settled issues include stakeholder collaborative, avoided costs, and program implementation.

Perhaps the most significant portion of the Settlement Agreement provides for an enhanced stakeholder collaboration process, which should facilitate and improve monitoring and evaluation of the plan and any program or budget changes that become necessary. A five-year energy efficiency plan is not static and the Settlement Agreement has provided a collaborative framework that should improve ongoing plan implementation.

Rule 199 IAC 7.18 provides that the Board will not approve a settlement unless it is "reasonable in light of the whole record, consistent with law, and in the public interest." This is the standard that the Board uses when evaluating any proposed Settlement Agreement.

III. III. CONTESTED ISSUES

A. Issue 1—Cost-Effectiveness of Plan

Issue 1 is whether MidAmerican's proposed energy efficiency plan as a whole is cost-effective under the societal test, utility cost test, ratepayer impact test, and participant test, pursuant to Iowa Code § 476.6(14). MidAmerican said that no party, including the Environmental Intervenors, contends that MidAmerican has not met the requirements of Iowa Code § 476.6(14) and, therefore, the issue is not in dispute.

The Environmental Intervenors argued that even if these tests are met the record indicates that MidAmerican could provide its customers with significantly higher energy efficiency savings targets while still maintaining the cost-effectiveness of MidAmerican's plan and that this is particularly important given MidAmerican's looming resource deficiency.

It is not disputed that MidAmerican's energy efficiency plan as a whole satisfies the societal benefit-cost test, which is the test that must be satisfied pursuant to the Board's rules to determine cost-effectiveness of utility implementation of programs and plans. 199 IAC 35.8(1)"e"(1). While information regarding the utility cost, ratepayer impact, and participant tests must also be provided pursuant to the cited rule and Iowa Code § 476.6(14), it is the societal test that is used to measure the cost-effectiveness of an energy efficiency plan or program.

For purposes of Issue 1, it is sufficient for the Board to determine that the 2014 through 2018 energy efficiency plan filed by MidAmerican is cost-effective pursuant to the societal cost test, while providing the required analysis from the utility, participant, and ratepayer impact tests. Variations to MidAmerican's plan might also satisfy this standard, but here the Board must only determine that MidAmerican's proposed plan as a whole passes the societal cost-effectiveness test.

B. Issue 2—Plan Requirements

Issue 2 is whether MidAmerican's energy efficiency plan meets the plan requirements set forth in 199 IAC 35.8, 35.9, and 35.10, relating to the assessment of

potential savings and electric and gas utility filing requirements. MidAmerican said that the Environmental Intervenors failed to offer any evidence that MidAmerican did not meet the requirements of 199 IAC 35.8, 35.9, and 35.10. Instead, the Environmental Intervenors appeared to argue that MidAmerican could provide its customers with significantly higher energy efficiency savings targets while maintaining the cost-effectiveness of the plan. Other parties also proposed modifications to MidAmerican's plan. Those specific proposals will be discussed under subsequent issues.

In response, MidAmerican said that in contrast to its proposed energy efficiency plan, the Environmental Intervenors failed to offer an analysis showing why any proposed modification of the plan would be appropriate, or a statement of the projected costs and benefits that would result from any modification and the amount of difference from the utility's projected costs and benefits pursuant to 199 IAC 35.6(3). (Tr. 757).

While MidAmerican's initial plan filing substantially complies with the 199 IAC 35 plan filing requirements such that the Board docketed the filing and established a procedural schedule, the Board's docketing order also required additional information. The Board will require MidAmerican (and the other investor-owned utilities) to participate in a discussion of plan filing requirements prior to the filing of the next energy efficiency plans. This meeting will be held approximately 18 months prior to the first filing date (which for the next plan cycle will be MidAmerican's filing

due on or before November 1, 2017) and the goal of the meeting will be to clarify the energy efficiency plan filing requirements such that more complete information will be contained in the utility's initial filing, without the necessity for an extensive subsequent remedial filing that would delay consideration of the plan. This meeting date will be set by subsequent order after all current plan reviews are completed.

The Board will also set the date for filing of MidAmerican's next plan. MidAmerican will be required to file its next energy efficiency plan on or before November 1, 2017.

C. Issue 3—Appropriate Achievable Economic Potential

Issue 3 is whether MidAmerican recognizes the appropriate amount of achievable economic potential pursuant to the Statewide Assessment, including whether the Statewide Assessment is accurate and complete and whether MidAmerican should recognize a higher level of potential. If MidAmerican recognized a higher level of potential, then the issue involves the impact this would have on its customers and on its resource planning. MidAmerican and Consumer Advocate reached resolution of this issue through their settlement on Issues 6, 9, 11, 12, and 13. The Environmental Intervenors objected to the settlement of Issue 3 because they contend that MidAmerican's goals should be set higher.

MidAmerican said that the Environmental Intervenors offered no specific changes to MidAmerican's energy efficiency plan other than advocating for a "no holds barred" approach that would be unreasonable and costly to rate payers.

MidAmerican said that the market potential study in the Statewide Assessment is intended to be a guide for setting overall program savings goals and that the second paragraph of the introduction to the market potential section of the Statewide Assessment states: "The results of the market potential analysis are intended to provide context to the estimates of economic potential and do not necessarily represent utility targets or 'program potential.'" (Tr. 256).

MidAmerican said that the most important assumption used in the determination of the market potential is the assumption that incentive payments will be up to 100 percent of incremental costs. (Tr. 256). MidAmerican stated that the calculation of the 91 percent market potential figure is based solely on the assumption that incentive payments will be increased to equal 100 percent of incremental cost across the board. (Tr. 256, See also Exhibit_(CBR-2), Schedule 1, which details the calculation of the 91 percent figure.)

Furthermore, MidAmerican argued that the financing assumption has no impact on the calculation of market potential. MidAmerican pointed out that the Statewide Assessment states: "[I]t is unlikely availability of financing would increase market potential beyond that achievable assuming a 100% incentive." (Tr. 256-57).

MidAmerican also maintained that the emergence of new technologies has little impact on market potential. Finally, MidAmerican pointed out that exemplary program design and implementation practices have no demonstrable impact on the market potential and the Statewide Assessment makes no mention of the effect on

market potential of an assumption related to exemplary program design and implementation practices. (Tr. 257).

The Environmental Intervenors argued that MidAmerican's approach to developing its savings targets does not comply with Iowa law because Iowa Code § 476.6(16)"b" requires that the utilities assess the potential for energy efficiency, but the Board is ultimately responsible for setting savings targets for the utilities to meet. The Environmental Intervenors also noted that the Board has the authority to "approve, reject, or modify energy efficiency plans and budgets." Iowa Code § 476.6(16)"e." The Environmental Intervenors said the Board should set targets consistent with the results of the Statewide Assessment and capture as much of the identified achievable cost-effective market potential (maximum achievable potential) as possible.

WED asked that MidAmerican be directed to improve its plan, arguing that assessments should include all energy sources and uses. (Tr. 837-58). WED argued that MidAmerican's energy efficiency plan underestimates energy efficiency potential and under-achieves savings by using an auditing/assessment model versus a comprehensive energy planning process and approach.

The Environmental Intervenors have not offered specific changes to MidAmerican's energy efficiency plan or goals, other than what can be referred to as a "no holds barred" approach to energy efficiency, with no real consideration of the immediate costs to ratepayers of such an approach without useful cost information.

The Board cannot accept such an approach. The Statewide Assessment is only intended to be a guide for setting overall program savings goals and the Assessment itself states that its results do not necessarily represent utility targets or program potential.

Pursuant to the Board's rules in 199 IAC 35, utilities file their energy efficiency plans and the Statewide Assessment as a package. The Board has the authority to modify the plan or goals, but there are not two contested case proceedings, one to decide the goals and the other to review the plan. Such a process would impede the implementation of energy efficiency programs because there would likely always be litigation concerning the goals or plans. While the Board can use the Statewide Assessment and the information contained therein as a check on the reasonableness of the utility's goals (or as a basis for modifying the utility's goals), other factors also play a role in setting goals, such as the impact on ratepayers.

Also, contrary to the assertions of the Environmental Intervenors, the Statewide Assessment is useful not just for developing goals but in many other areas. There is extensive measure-specific data and technology information provided in the Statewide Assessment, which is used to screen technology, develop programs, and conduct preliminary benefit-cost calculations. Without this information, utilities would have to rely solely on data from past program results.

The Statewide Assessment is one tool available to the Board in determining what goals should be approved for a utility. It is not the only tool and the Board

rejects any contention that only the Statewide Assessment can be used for determining an energy efficiency plan's goals. The market potential numbers cited in the Statewide Assessment are based on assumptions about implementation methods with potential costs and effects for Iowa ratepayers that have not been adequately documented for use as an exclusive guide. For example, the Statewide Assessment assumes the availability of financing to overcome first cost (first cost can be a barrier to participation) and the use of emerging technologies as additional qualifying measures. The costs of increased incentive payments and financing costs could be burdensome to ratepayers and there is no financing mechanism available to overcome first cost in all instances. Deere and the ICEE were particularly concerned about increased costs of energy efficiency.

The resolution of Issue 3 between Consumer Advocate and MidAmerican is reasonable as it was resolved through the resolution of Issues 6, 9, 11, 12, and 13. The goals are not set in stone for the entire five-year plan period, but can be revisited if warranted by ongoing research and monitoring provided for in the Settlement Agreement. Monitoring on-going processes and reacting to changed circumstances should result in better plan revisions and implementation than a narrow focus on initial goals, which are only a guide. MidAmerican's energy efficiency plan, as revised by the Settlement Agreement, contains significant program enhancements, which, when combined with the collaborative process, set a framework for an improved plan, programs, and results.

D. Issue 4—Annual Savings Targets

Issue 4 is whether MidAmerican's proposed annual savings targets are appropriate. This issue involves the goals of MidAmerican's energy efficiency plan. The Environmental Intervenors propose an increase in MidAmerican's savings targets with arguments similar to those offered in relation to the appropriate amount of achievable potential. The issue has been resolved between MidAmerican and Consumer Advocate.

MidAmerican said that the Environmental Intervenors continue to assert that MidAmerican's savings and budget goals should be set higher because the Statewide Assessment indicates more potential is achievable. MidAmerican noted that Environmental Intervenors have offered no specific changes to the MidAmerican's energy efficiency plan and continue to push for a "no holds barred" approach that is not only unreasonable, but is also costly to rate payers.

MidAmerican contended that the Environmental Intervenors raise a new argument on brief that MidAmerican disregarded the Statewide Assessment in setting its savings targets. MidAmerican said that the Environmental Intervenors now argue that the targets were set in violation of Iowa Code § 476.6(16)"b" and urge the Board to adjust the savings consistent with this subsection of the Iowa Code.

MidAmerican said that Iowa Code § 476.6(16)"b" states the utility shall assess potential energy and capacity savings available from actual and projected customer usage by applying commercially available technology and improved operating

practices to energy-using equipment and buildings and submit the assessment to the Board. MidAmerican said that the statute further provides that the utility's plan shall include economically achievable programs designed to attain those energy and capacity performance standards. Pursuant to 199 IAC 35.8, MidAmerican said it submitted its Statewide Assessment and the analysis and data as required by the Board's rules. (Tr. 104-19, 121, 124, 150-51 240-48, 253-77; Executive Summary, Volumes II and III).

MidAmerican said that it was ironic that the Environmental Intervenors do not argue that MidAmerican also failed to comply with 199 IAC 35.8, which gives additional direction on the requirements of the Statewide Assessment and its role in development of the energy efficiency plan. For example, MidAmerican pointed out that 199 IAC 35.8(1) discusses the assessment of potential and determination of economically achievable performance standards and 199 IAC 35.8(1)"e" confers a duty on the utility to identify annual goals, by energy efficiency program and total plan, for five years subsequent to the year of the filing. MidAmerican argued that the Board rules allow utilities the flexibility to constrain or accelerate projected utility implementation of programs from estimates of economic or phase-in potential, based on each utility's assessment of market potential. MidAmerican said that the utility may consider market factors including, but not limited to, market barriers to implementation of programs, the effects on rates, lost opportunities which decrease future implementation of measures or programs, the non-energy benefits and

detriments of programs, uncertainty associated with industry restructuring, the strategic value of energy efficiency to the utility, and other market factors it deems relevant. 199 IAC 35.8(1)"e."

MidAmerican said these rules make it clear that while the Statewide Assessment is the starting point, there is a great deal more analysis that goes into setting final goals that are economically achievable. MidAmerican stated that the utility is required to fully describe its data and assumptions.

MidAmerican maintained that not only is it improper for the Environmental Intervenors to raise a new argument in their brief, but their argument is also legally incorrect and ignores the record evidence. MidAmerican said that the Settlement Agreement offers a reasonable resolution on these issues and adjustments to spending budgets to include additional spending on lighting and gas furnaces without adversely impacting MidAmerican's customer rates. As such, MidAmerican urged the Board to reject the Environmental Intervenors' "no holds barred" approach and adopt the resolution set forth in the Partial Settlement.

MidAmerican said that its Exhibit_(CBR-2), Schedule 3, provides an analysis that shows the expected energy efficiency budgets that would result from proposals by the Environmental Intervenors. (Tr. 267). MidAmerican stated that the analysis shows that its energy efficiency budgets would increase \$125 million per year on average from currently proposed levels, which are already \$20 million higher than MidAmerican's 2012 energy efficiency budget. Under the Environmental Intervenors'

approach, the electric component of the increase would result in the largest single electric rate increase in MidAmerican's history. (Tr. 267).

The Environmental Intervenors again asserted that MidAmerican did not use the Statewide Assessment as required by Iowa law. The Environmental Intervenors also argued that MidAmerican should have compared the cost of saved energy to the cost of buying power on the market or the cost of building and operating new generation.

Environmental Intervenors noted that their witness Crandall offered testimony demonstrating that the plan would still be cost effective if expenditures on program administration and implementation increased seven-fold. (Tr. 688-92, 728). However, the Environmental Intervenors said that this testimony was merely a hypothetical to demonstrate how much more spending would still be cost effective and was not his recommendation or reflective of what he believed was necessary to achieve exemplary program design and implementation. (Tr. 728).

The Board will approve MidAmerican's proposed annual savings targets. If MidAmerican is able to exceed expectations, the Board can grant waivers so that budgets can be increased to meet increased program participation. Programs can also be modified or adjusted. Goals or budgets are not ceilings and MidAmerican's energy efficiency plans have a history of success. The Environmental Intervenors have offered no specific changes to MidAmerican's energy efficiency plan but only a

more aggressive approach that could negatively impact ratepayers and their support for energy efficiency.

There is also no support for the Environmental Intervenors' argument that the cost of energy efficiency programs should be compared to the cost of new generation. New generation is built for a variety of reasons, including reliability, fuel diversity, and other factors, and there is no direct comparison in 199 IAC 35 between energy efficiency and any specific utility supply option. The Board's requirement in 199 IAC 35 for investor-owned utility forecasts and supply-side costs is directly related to the need for calculating energy efficiency avoided costs, used to calculate system benefits for energy efficiency, and not for comparison to a supply option. The Settlement Agreement on Issue 4 will be approved.

E. Issue 5—Energy Efficiency Programs and Budgets

Issue 5 is whether MidAmerican's proposed energy efficiency programs and budgets are appropriate to achieve the annual energy savings targets and whether supplemental performance-based criteria appropriate to help maximize achievement of cost-effective energy efficiency opportunities are needed. MidAmerican and Consumer Advocate reached a settlement on this issue with MidAmerican agreeing that it will strive to find cost-effective, customer-centered, performance-based incentives to vendors and contractors that motivate customer engagement, energy efficiency development, and market transformation. In regards to any "optimal" benefits to customers as referenced by the Environmental Intervenors, MidAmerican

said it is important to note that none of the requirements in 199 IAC 35 outline a study or test for optimal benefits to customers or require a utility to provide or develop supplemental performance-based criteria to maximize achievement of cost-effective energy efficiency opportunities.

The Environmental Intervenors objected to the settlement of Issue 5, arguing for a more optimal program design. The Environmental Intervenors noted that Consumer Advocate's witness said that more aggressive goals could be achieved by restructuring the incentive-focused approach to a market-driven one. (Tr. 407).

MidAmerican's goals are reasonable and with the resolution of Issue 3 there is a platform for possible additional savings as the collaborative and monitoring process is implemented. Energy efficiency plans are not static and the Board expects that there will be some changes to programs during the five-year plan period as real world experience takes the place of projections and assumptions.

MidAmerican will be required to document any program specific changes in annual savings impacts and total savings impacts, by year, due to the Settlement Agreement and this order. This information shall be filed with the Board, on or before January 31, 2014, and shall include an update of any budget or savings changes applicable to any of the tables in Schedules 1 and 2 of MidAmerican witness Rea's Exhibit CBR-1 filed on February 1, 2013, in this docket. In subsequent years, MidAmerican must file an update of program features (much like Attachment A filed on May 10, 2013, as part of Docket No. WRU-2013-0010-0156 (EEP-08-2)). The

update is to describe program changes that do not require a plan modification.

Those updates will be due on January 31 of each year.

MidAmerican's programs and budgets reasonably balance the goal of obtaining energy efficiency savings with the impacts of energy efficiency cost recovery on customers. Rate impacts are critical for all customers, but particularly for commercial, industrial, and low-income customers. Significant energy efficiency cost increases that are not readily offset by immediate avoided cost savings would likely result in short term rate increases and decreased public support for energy efficiency, the opposite of the desired result. The Board will approve the resolution of Issue 5, including the performance-based criteria outlined in the Settlement Agreement.

F. Issue 15—Opt-Out

Issue 15 is whether the plan should include opt-out provisions that would allow customers meeting certain criteria to not participate in or fund utility-sponsored energy efficiency programs and whether the Board should institute a rule making proceeding to develop the parameters of such provisions. ICEE supported an opt-out provision and the commencement of a rule making proceeding to develop the parameters. MidAmerican, Consumer Advocate, and the Environmental Intervenors opposed ICEE's proposal. Deere did not take a position on the opt-out issue but said a rule making to implement an opt-out would be premature because details of an opt-out alternative have not been presented in this docket. (Tr. 926).

ICEE supported an opt-out and asked that the Board commence a rule making proceeding pursuant to 199 IAC 3.4(1) to seek input from all interested parties regarding the design of an opt-out program for Iowa's industrial customers. ICEE maintained that overall energy usage reductions will be greater if industrial customers are given the option to proceed independently and that the funds those customers are currently charged under MidAmerican's energy efficiency cost recovery factor could be used to implement large energy reduction projects internally with a resulting greater energy savings that would benefit the state. ICEE argued that it was reasonable to expect that more projects would be conducted if industrial customers could opt out and that all Iowans benefit when industry reduces its energy usage, regardless of whether the efficiency is achieved through a utility energy efficiency program or improvements the customer does independently.

ICEE said that industrial customers that are unable to participate in MidAmerican's energy efficiency programs incur costs through the energy efficiency cost recovery factor charge, which results in rates being increased. ICEE argued that industrial customers should not be forced to fund their competitors' energy efficiency improvements through the utility's energy efficiency programs. ICEE witness Brubaker testified that the industrial community has done a better job of "wringing out" efficiencies than other customer classes and the U.S. Energy Information Administration published findings indicating that large energy consumption decreased in the manufacturing sector from 2002-2010. (Tr. 897-98).

ICEE said that the Statewide Assessment shows the economic potential (as a percent of sales) for the industrial class is less than 10 percent. (Tr. 897). ICEE argued that the industrial economic potential in the Statewide Assessment is overstated because the societal discount rate is very low compared to an industrial customer's cost of capital. (Tr. 919).

ICEE acknowledged that Iowa Code § 476.6(16)"a" requires that energy efficiency plans include a range of programs for all customer classes. By recognizing the special needs of the industrial class and creating an opt-out program, ICEE argued that the Board would be fulfilling that legislative mandate and that an opt-out program would be an option offered to customers meeting certain criteria determined by the Board; this would not affect a rate-regulated utility's duty to include programs for all customer classes since the utility would continue to offer programs to all classes.

MidAmerican also cited Iowa Code § 476.6(16)"a," which requires MidAmerican to file an energy efficiency plan and budget including a range of programs, tailored to the needs of all customer classes for energy efficiency opportunities. MidAmerican said its proposed energy efficiency plan includes a component for industrial customers. MidAmerican also said it did not support a Board-initiated rule making regarding opt-out clauses.

Consumer Advocate noted that ICEE's proposal was that the Board find that an opt-out provision from utility sponsored energy efficiency programs should be

available for certain large customers and that a rule making should be instituted to determine opt-out parameters. (Tr. 902-03). Consumer Advocate pointed out that ICEE does not propose criteria for the opt-out program but prefers not using energy efficiency criteria. Consumer Advocate witness Bodine opposed ICEE's opt-out proposal as being inconsistent with Iowa's long-standing policy of promoting comprehensive energy efficiency policies and recommended against the Board adopting an undefined opt-out proposal prior to any details being provided. (Tr. 590-91, 593).

Consumer Advocate cited Iowa Code §§ 476.41, 473.3, and 266.39C as establishing energy efficiency as a priority resource in order to reduce Iowa's reliance on energy production from non-renewable energy resources. Consumer Advocate said that Iowa law directs the Board to oversee the investor-owned utilities' development and implementation of cost-effective energy efficiency programs that meet the needs of all customer classes. Iowa Code § 476.6(14). Consumer Advocate pointed out that Iowa utilities are not permitted to procure new generation resources subject to advanced ratemaking principle determination without showing the utility has in effect a Board-approved energy efficiency plan. Iowa Code § 476.53(3)"c"(1).

Consumer Advocate argued that while ICEE contends the primary beneficiary of any energy efficiency service is the customer who receives it directly and as a result experiences a usage reduction, in fact all customers, whether they participate

directly or not, benefit from energy efficiency programs. (Tr. 899). Consumer Advocate noted that nonresidential customers contribute a significant portion of MidAmerican's energy efficiency savings and in 2012 contributed 123,935,441 kWh of MidAmerican's total electric savings of 228,466,471 kWh. (MidAmerican 2012 Annual Report, Exhibit B). Consumer Advocate said that an opt-out program targeted to nonresidential customers could significantly reduce customer participation and would impact and threaten the viability of these programs. (Tr. 591).

The Environmental Intervenors said that an opt-out provision is beyond the scope of the Board's authority regarding energy efficiency, contradicts the legislative policy favoring energy efficiency and legislative requirements that energy efficiency plans include programs to meet the needs of industrial customers, and would leave significant amounts of industrial energy efficiency unrealized. ICEE cited Iowa Code § 476.1(7), which provides that "[t]he jurisdiction of the board under this chapter shall include efforts designed to promote the use of energy efficiency strategies by rate or service-regulated gas and electric utilities." The Environmental Intervenors argued that an opt-out program is not an energy efficiency program or service provided by a utility, but rather constitutes a way to avoid the energy efficiency services of a utility.

The Environmental Intervenors also cited Iowa Code § 476.6(16)"a," which provides that an energy efficiency plan "shall include a range of programs, tailored to the needs of all customer classes, including residential, commercial, and industrial customers, for all energy efficiency opportunities." The Environmental Intervenors

argued that creating a mechanism for industrial customers to opt out of utility energy efficiency programs contradicts the legislative requirements of Chapter 476 to develop a plan to meet the needs of all customer classes.

The Environmental Intervenors said that there are significant energy efficiency savings still available in MidAmerican's service territory and there is no evidence that an opt-out program would help attain those savings. The Environmental Intervenors argued that the customers advocating for an opt-out process have failed to assess and implement energy efficiency opportunities at their facilities and that the Board should reject ICEE's proposal to create a rule making for an opt-out program. (Tr. 184, 725).

The opt-out issue has been raised previously in various forums, including IPL's most recent energy efficiency plan docket (Docket No. EEP-2012-0001) and its prior plan proceeding in 2008. The Board did not allow opt-out then and will not allow it now. In rejecting an opt-out proposal in IPL's 2008 energy efficiency plan proceeding, the Board said that "Iowa has a strong public policy supporting and developing energy efficiency and the Board will not undermine that public policy by exempting certain customers from the energy efficiency paradigms." Interstate Power and Light Company, Docket No. EEP-08-1, "Final Order," p. 33 (6/24/2009). That policy continues to apply in these circumstances.

No specifics were provided by the ICEE as to the parameters of any opt-out plan or what its impacts might be on MidAmerican's proposed energy efficiency plan

and other MidAmerican customers. Because there is no specific proposal and a lack of any consensus among stakeholders as to whether any opt-out should be considered or is even permitted by statute, a rule making proceeding would not be productive.

In addition to the significant legal questions revolving around whether the Board has the statutory authority to implement an opt-out process, the Board is not persuaded that allowing an opt-out is good public policy, particularly in view of the legislative pronouncements supporting energy efficiency efforts. All utility customers, even those who do not directly participate in energy efficiency programs, benefit from the overall savings that are the primary goal for energy efficiency programs. There are also intangible benefits such as improved air quality because less generation is used than otherwise would be. Iowa has a strong public policy supporting and developing energy efficiency. The Board has not in the past and will not begin now to undermine that policy by allowing certain customers to opt out from the energy efficiency paradigm.

G. Issue 16—Bill Identification of Cost Recovery Factors

Issue 16 is whether the energy efficiency cost recovery factors should be explicitly identified on customers' bills. ICEE asked that the Board require MidAmerican to display on customers' bills the energy efficiency cost recovery factors in the form of a separate line item charge. MidAmerican and the Environmental

Intervenors opposed this request; the other parties did not take a position on ICEE's proposal.

ICEE argued it is inappropriate to hide the energy efficiency cost recovery charges from customers. Price is an effective means of communication and may lead to more energy efficiency participation, although additional customer education may be appropriate. (Tr. 908-09). ICEE said that MidAmerican witness Yoder discussed the Industrial Education Pilot Program Energy Efficiency Report Card¹ that was created by MidAmerican as part of the settlement agreement in Docket No. EEP-08-2. ICEE said the report card is a useful means of communicating with some of MidAmerican's larger customers, but the report cards are not informing the residential and smaller commercial or industrial customers; communicating with these customers is particularly important. (Tr. 920).

ICEE claimed that the energy efficiency cost recovery charge is a different charge since it is for a service that is directed and marketed to customers and not a component of charges for energy. ICEE argued that making this charge more transparent could lead to greater awareness and increased participation in energy efficiency. The Environmental Intervenors said that customers' electric bills cover numerous costs which are not listed separately. Also, the Environmental Intervenors point out that suddenly including energy efficiency charges as a separate line item could present a confusing and distorted message as it would appear to customers that this is a new charge, when it is not. The Environmental Intervenors cited Iowa

¹ MidAmerican Late-Filed Exhibit 1.

Code § 476.6(16)"g," which provides that the "utility shall not represent energy efficiency in customers billings as a separate cost or expense unless the board otherwise approves."

MidAmerican noted that in response to concerns raised by large customers during the 2008 energy efficiency proceeding, MidAmerican created a report card for its largest customers; this report card is currently provided to 850 of its largest managed accounts. (Tr. 181-82). MidAmerican said that the report card provides industrial customers more information than what the customer has paid into the energy efficiency cost recovery factor, such as outlining the customer's projects and money saved.

MidAmerican asked the Board to reject ICEE's request that the energy efficiency cost recovery factor be a separate line item on utility bills and allow MidAmerican to continue providing the report cards. MidAmerican said it committed to continuing these report cards for the duration of the 2014-2018 energy efficiency plan.

The Board will reject ICEE's proposal. Providing energy efficiency cost recovery factors as a separate line item on customers' bills would be misleading because while the charges would be transparent, the benefits attributable to energy efficiency programs would not be apparent. As the Board has said:

The Board will not require separate line item listing of energy efficiency charges. Separating out one item of the total cost of providing energy service is misleading and could undermine, rather than encourage,

participation in energy efficiency programs. Because many energy efficiency programs produce long-term benefits (20 years or more), quantifying those benefits to correspond with EECR [energy efficiency cost recovery] charges would be difficult, if not impossible, particularly on an individual customer basis. MidAmerican Energy Company, Docket No. EEP-08-1, "Final Order," (6/24/2009), p. 34.

In 1985 selected itemization was tried and was found to be detrimental. In 1996, MidAmerican filed an alternative electric pricing plan in Docket No. APP-96-1 which included a proposal for a Public Programs Charge (similar in concept to the energy efficiency cost recovery factors) to be shown as a separate line of the customers' bill. The Board, cognizant of the unsuccessful history of including itemization on customers' bills, approved the "Public Programs Charge as proposed by MidAmerican, subject to approval of a public education campaign and decisions on the title or label of the charge and the extent to which the charge will be itemized." MidAmerican Energy Company, Docket Nos. APP-96-1, RPU-96-8, "Order Conditionally Approving Line Item(s) Billing," (8/5/1997), p. 11.

The MidAmerican order provided specific information and design criteria for the MidAmerican education program associated with the Public Programs Charge. MidAmerican submitted its proposed plan in September 1997, but the Board in May 1998 rejected the education program because it did not adequately describe the programs or inform the customers of the costs, benefits, and results of the programs included in the Public Programs Charge. The proposal in this docket did not include any type of public information campaign, so it would also fail on this point.

While the Board rejects the line item charge here, the Board notes that interested customers are able to calculate the charges from MidAmerican's publicly-filed tariff sheets, which are available on its Website. The report cards MidAmerican introduced in the current plan provide its largest customers with excellent information, but MidAmerican (if it has not already done so) should train its customer service personnel so that interested customers who inquire can be shown how to calculate their individual energy efficiency cost recovery charges. Those inquiring customers should also receive information on the benefits of energy efficiency.

H. Issue 23—Combined Heat and Power

Issue 23 is whether MidAmerican's Combined Heat and Power (CHP) program should 1) be better defined in MidAmerican's plan to include more specific program information, guidelines, savings targets, and incentive and 2) be expanded.

MidAmerican said its energy efficiency plan contains a well-defined CHP component and should not be expanded. MidAmerican said it considers projects that utilize waste heat recovery for purposes of electricity production or additional use of thermal energy to be eligible for potential rebates under either the custom track of the Nonresidential Equipment program or as part of the Nonresidential Energy Analysis program.

MidAmerican stated that it does not include topping cycle CHP in its plan because it does not believe that energy efficiency programs are the most appropriate vehicle for supporting customer adoption of this type of CHP. (Tr. 80). MidAmerican

also noted that due to its low electric rates, the payback for such projects may be long.

MidAmerican said that Iowa Code § 476.6(16)"c"(2) contemplates efficiency in usage of utility-produced electricity and natural gas, does not incorporate fuel switching, and recovers program costs from the utility's electric and gas customers, respectively. If a potential CHP customer designed its system to meet virtually all of its electrical needs, MidAmerican said that the customer might receive a significant energy efficiency rebate, but ultimately contribute virtually nothing toward ongoing support of MidAmerican's energy efficiency programs. (Tr. 81). MidAmerican argued that it would be more appropriate to support topping cycle CHP projects through grants or tax credits and that the Board should allow CHP to be addressed in MidAmerican's Nonresidential Equipment or Nonresidential Energy Analysis programs as outlined in its energy efficiency plan.

The Environmental Intervenors maintained that CHP technologies meet the definition of an energy efficiency measure in that they are "activities on the customers' side of the meter which reduce the customers' energy use or demand"² for energy and they are consistent with Iowa Code § 476.16(a), which requires a range of programs tailored to the needs of all customer classes be included in the utility's energy efficiency program. Furthermore, the Environmental Intervenors said that including CHP in utility energy efficiency plans advances the efforts of Iowa's National Governors Association (NGA) Policy Academy Action Plan.

² 199 IAC 35.2.

The Environmental Intervenors argued that topping³ cycle CHP could be analogized to a new construction program where the goal is to maximize efficiency in a new project, while bottoming⁴ cycle CHP or waste heat to power could be analogized to retrofits where the goal is to make the existing system as efficient as possible. In either application, the Environmental Intervenors said, customers with CHP use less overall energy to meet their electric and thermal energy needs.

The Environmental Intervenors said that the Energy Resource Center working with ICF International has analyzed the technical potential for CHP in MidAmerican's service territory and estimated there are approximately 630 MW of technical potential and, that even if a fraction of this potential is captured, it would represent a significant increase from MidAmerican's current efficiency potential. (Tr. 822). Because the Statewide Assessment did not include CHP as a measure, the Environmental Intervenors said, MidAmerican did not include its potential when deriving its savings targets. The Environmental Intervenors argued that specific CHP targets and incentives should be established.

The Board will not expand MidAmerican's current CHP program because the technical potential cited by the Environmental Intervenors does not necessarily

³ "[F]uel is combusted in a prime mover such as a gas turbine, micro turbine, reciprocating engine, or fuel cell for the purpose of generating both electricity and thermal energy. The thermal energy, which comes from using heat that 'would otherwise be lost in the prime mover's hot exhaust or cooling systems is recovered to provide process or space heating, cooling, and/or dehumidification.'" (Tr. 1044).

⁴ "[T]he CHP system takes advantage of the heat that is generated as part of the industrial process and is normally vented to the atmosphere." "In the WHP process a portion of the heat rejected from the industrial process is recovered and typically used to produce high grade steam through a heat recovery steam generator and then the steam utilized in a steam turbine to generate the electricity." (Tr. 1044).

equate to economic or market potential. The NGA Report indicates that because of Iowa's relatively low electric and natural gas rates, the economics of CHP, particularly the topping cycle CHP projects, are difficult. The Board is also concerned that the topping cycle CHP projects, when they produce energy, may not result in an overall energy usage reduction, but only a replacement of utility generation with customer generation.

CHP that utilizes waste heat, however, more clearly reduces overall energy usage and should remain in MidAmerican's energy efficiency plan. It has been difficult to measure the savings from waste heat recovery or bottoming cycle CHP, which is why savings from CHP have not been made part of MidAmerican's savings targets. Nevertheless, MidAmerican has been successful with the CHP project and it should be continued. However, the Board will not require MidAmerican to establish specific CHP-related targets or incentives, as requested by the Environmental Intervenors.

The Board agrees with the Environmental Intervenors' recommendations that MidAmerican should provide more detailed information and guidelines related to its CHP-related rebates both on MidAmerican's Website for energy efficiency programs and in such things as newsletters and brochures. Perhaps most importantly, MidAmerican is to ensure that its key account managers effectively market the Nonresidential Equipment and Nonresidential Energy Analysis Programs to include the specifics of which CHP projects would be eligible for rebates.

I. Issue 24—Light Emitting Diode (LED) Street Lighting

Issue 24 is whether MidAmerican should adopt Interstate Power and Light Company's (IPL) approach to LED street lighting. No settlement was reached on this issue and it is presented to the Board for resolution. MidAmerican said that an energy efficiency proceeding is not the proper proceeding to make changes to its street lighting tariff and that the Board may make changes or modifications to the tariff in MidAmerican's pending rate proceeding, Docket No. RPU-2013-0004. From an energy efficiency standpoint, MidAmerican noted that its position to require new lighting design for any installation of LED lighting is not only reasonable, but consistent with 199 IAC 35.15, which requires newly-installed lighting to either use high-pressure sodium lighting or lighting with equivalent or better energy efficiency.

The Environmental Intervenors said that they also believe it is appropriate to address LED streetlights in MidAmerican's pending rate case and they are encouraged by MidAmerican's testimony in that docket. However, the Environmental Intervenors noted that there may be some streetlights that are customer owned and therefore on the customer's side of the meter that are not covered by the tariff and that it might be appropriate to use the approach ultimately approved in Docket No. RPU-2013-0004 to develop an energy efficiency program targeting this limited number of streetlights.

The proper proceeding to address MidAmerican's street lighting tariff is MidAmerican's pending rate proceeding, Docket No. RPU-2013-0004. Although

street lighting efficiency standards are addressed in Iowa Code § 476.62 (energy-efficient lighting required), most of the lighting equipment subject to the standard required by the statute is owned by MidAmerican. Generally, the facilities owned by an investor-owned utility have not been the subject of energy efficiency plan requirements. If there are some customer-owned streetlights or exterior lights not covered by MidAmerican's lighting tariff, the MidAmerican prescriptive or custom programs should be able to address these lighting applications, assuming there is cost-effective technology available.

J. Issue 25—Renewable Energy

Issue 25 is whether MidAmerican's energy efficiency portfolio should address renewable energy options through education or incentives.

MidAmerican said that a mandate to include renewable energy as an energy efficiency program is contrary to the Iowa Code and Board rules, as well as past Board orders. MidAmerican cited Iowa Code § 476.6(16)"c"(2), which provides, in part:

[e]nergy efficiency programs shall include efficiency improvements to a utility infrastructure and system and activities conducted by a utility intended to enable or encourage customers to increase the amount of heat, light, cooling, motive power, or other forms of work performed per unit of energy used.

MidAmerican argued the definition of energy efficiency programs in the Iowa Code does not extend to renewable energy projects that simply displace the need for utility generation with customer-owned generation.

MidAmerican also cited 199 IAC 35.2, which provides that "energy efficiency measures" include activities on the customer's side of the meter which reduce customers' energy use or demand. MidAmerican asserted that customers' use of distributed renewable energy does not reduce energy use or demand, but rather displaces utility generation with self-generation. MidAmerican argued the energy efficiency activities sanctioned by the statute do not include providing incentives for renewable energy projects.

MidAmerican said that the Board previously rejected IPL's renewable program as a stand-alone energy efficiency measure. MidAmerican noted the Board approved IPL's renewable program as an incentive to encourage high levels of efficiency, not as a program mandated by statute or rule, and said that the Board did not intend to "place distributed energy in competition with or as a substitute for energy efficiency measures." MidAmerican quoted from the Board's final order in Docket No. EEP-08-1:

Incentives for such programs must be designed to avoid transforming a renewable energy program operated under the umbrella of energy efficiency into a program that primarily promotes customer on-site generation. . . . utility funding pursuant to energy efficiency plans should be limited to support for renewable technology to support customers' efficient, on-site energy needs. Interstate Power and Light Company, Docket No. EEP-08-1, "Final Order," p. 12 (June 24, 2009).

MidAmerican asked that the Board not direct MidAmerican to include either a renewable program or education materials regarding renewable generation.

Consumer Advocate supported inclusion of a renewable energy program and cited the positive direction and higher customer interest in IPL's pilot renewable energy program. Consumer Advocate argued that a renewable program helps meet customer interest in renewable energy while advancing classic energy efficiency opportunities. In addition to offering a buy-down incentive, Consumer Advocate said that IPL's pilot project is designed to educate customers about the costs and benefits of energy efficiency options, including renewable energy, and to assure that customers receive high quality technical assistance in assessing and moving forward with renewable energy projects.

Consumer Advocate said that renewable energy is like energy efficiency in that reduction in customer demand and energy use from the utility is beneficial to customers. Consumer Advocate argued that including a renewable program is consistent with Iowa public policy, which seeks to promote energy efficiency and renewable energy as priority resources in order to reduce Iowa's reliance on energy production from non-renewable energy resources. Iowa Code §§ 476.41, 473.3, and 266.39C (2013).

Consumer Advocate recommended that MidAmerican provide at least a renewable energy education component as part of its energy efficiency portfolio to help meet burgeoning customer interest in renewable energy and guide these customers to first consider energy efficiency. (Tr. 574). Consumer Advocate also said that because there is no clear regulatory opportunity to review the efficacy of

such improvements, it is important that renewable energy education be evaluated in energy efficiency proceedings.

WED advocated for a renewable program, asking that MidAmerican provide funding to study and document the value of customer-owned solar-PV. WED asked that MidAmerican be required to develop an incentive program for customer-owned renewable generation or provide funds to a third party, such as the Iowa Energy Center, to implement such an incentive program. WED said MidAmerican should be encouraged to create incentives based on a percentage of actual installed costs.

The evidence in IPL's energy efficiency plan proceeding clearly showed that the renewable program was not cost-effective, even with the recent decline in renewable energy costs. The societal benefit cost ratio was 0.26, less than the 1.0 ratio need to show cost effectiveness. It did not appear that IPL's renewable energy program pilot could quickly or easily become cost-effective, even though it has been in operation for several years. The Board will not require MidAmerican to offer an incentive-based renewable energy program when a recent pilot project has failed to be cost-effective.

Other incentives outside of an energy efficiency program, such as tax incentives, are available for the installation of renewable energy. Also, the Board continues to have concerns about programs that reduce a customer's usage as far as utility-purchased generation, but not the customer's overall usage, particularly when this is not done in a cost-effective manner. While the renewable program reduces

reliance on out-of-state fossil fuel, which is a legislative objective, a customer's behind-the-meter installation of renewable energy does not, by itself, reduce the customer's overall energy consumption.

While the Board will not require MidAmerican to offer a renewable energy program that pays incentives to customers for renewable installations, the Board will direct MidAmerican to offer information and technical assistance for renewable projects by providing this as part of its outreach, education, and training program. MidAmerican could look to IPL's information and technical assistance for renewables as a model to use. Customers interested in renewables should be able to access information from their utility.

The debate over whether MidAmerican should have an incentive-based renewable program is part of a larger debate regarding distributed generation in general. There are potential long-term consequences associated with customer-owned behind-the-meter renewable generation and other distributed generation. For example, a utility's tariffs and rates are often not designed to accommodate a significant number of distributed generation installations and such a shift would likely require substantive changes to those tariffs and rates to, among other things, protect non-participating customers from undue cost shifting. The Board intends to commence a notice of inquiry in late 2013 or early 2014 to address the broad policy and technical issues associated with potential widespread use of distributed generation.

IV. IV. ISSUES PARTIALLY RESOLVED BY SETTLEMENT AGREEMENT

The following issues have been settled by two or more signatories to the Settlement Agreement, but have been disputed by at least one signatory to the agreement. WED is not a signatory to the Settlement Agreement.

A. Issue 17—Tracking Nonresidential Expenditures

Issue 17 is whether MidAmerican should be ordered to track nonresidential energy efficiency expenditures by rate class as well as by program. MidAmerican and ICEE resolved this issue with MidAmerican agreeing to track nonresidential energy efficiency expenditures by rate class as well as by programs. The Environmental Intervenors and Deere did not take a position on Issue 17.

Consumer Advocate said that it is not opposed to providing customers useful information about their utility services, but Consumer Advocate's witness was concerned that this information may be misconstrued and used to justify an opt-out procedure or individual customer opt-out. (Tr. 594-95). Consumer Advocate noted that MidAmerican witness Rea agreed that tracking this information should not necessarily control the allocation of costs and development of energy efficiency cost recovery factors, and further agreed that opt-out determinations should be guided by more nuanced considerations. (Tr. 281).

The Board does not see any harm to customers by tracking this information and additional information could benefit future energy efficiency plan development. The Board does not see this information as a precursor to an opt-out program. While some costs will still need to be allocated, the tracking agreed to in the settlement

should provide for more accurate cost allocation. The Board will approve the tracking contained in the settlement.

B. Large General Service Energy Efficiency Cost Recovery Factors

Issue 18 is whether MidAmerican should revise its Large General Service energy efficiency cost recovery (EECR) factors to a two-part EECR factor with (a) a separate demand factor for recovery of costs associated with direct load control and interruptible program costs and (b) an energy-based factor for all other eligible energy efficiency costs. MidAmerican and ICEE have resolved this issue and propose that the credits for residential load control and the interruptible credits be added together and allocated to classes using the generation demand allocation factor.

MidAmerican also agreed to develop a two-part EECR factor with a separate demand factor for the recovery of costs associated with direct load control and interruptible program costs and an energy-based factor for all other eligible energy efficiency costs. (Tr. 272). Finally, MidAmerican agreed to separate charges for Large General Service (LGS) customers, Very Large General Service (VLGS) customers, and other nonresidential customers (if new rates are approved by the Board in Docket No. RPU-2013-0004, MidAmerican's pending rate proceeding) that are consistent with LGS and VLGS class designations. If these specific rate determinations are not adopted, MidAmerican said it would place nonresidential

schedules into three groups so as to achieve similar distinctions. Deere did not take a position on Issue 18.

Consumer Advocate objected to the proposed settlement of this issue. In accordance with established rate design policy, Consumer Advocate advocated that a thorough review of customer impacts should be undertaken prior to implementing such a change and further argued that the current allocation of energy efficiency costs via a kWh charge encourages energy efficiency, thereby advancing energy efficiency policy. (Tr. 594). Consumer Advocate said that this is generally consistent with the approach specified in 199 IAC 35.12(3), which provides for EECR factors to use the same unit of measurement as the utility's tariff rates.

ICEE supported the resolution of Issue 18. ICEE said that if the Board finds that the agreement does not comply with 199 IAC 35.12(3), good cause exists for the Board to grant a waiver. (Tr. 907). In reply comments, MidAmerican agreed that if the Board directs MidAmerican to provide a review of the customer impacts and agrees to implement a separate demand factor for the EECR, a waiver of 199 IAC 35.12(3) would be required.

The resolution of the issue for the allocation of demand response program costs⁵ is consistent with the approved method used by IPL in previous energy

⁵ Currently, demand response program costs in MidAmerican's plan are directly assigned to the class (residential or nonresidential) incurring the costs. The proposed approach would allocate the total demand response costs (residential and nonresidential) based on the allocation factor used for generation demand-related costs (such as the average and excess method). The proposed approach would result in more costs being shifted to the residential class away from the nonresidential classes.

efficiency plans. The Board agrees that this method of allocation is more appropriate and it will be approved.

However, the proposed settlement of Issue 18 also provides that MidAmerican will develop a two-part EECR factor with a separate demand factor for recovery of demand response costs and an energy-based factor for all other eligible energy efficiency costs. (Tr. 272). Subrule 199 IAC 35.12(3) specifies a uniform EECR factor, rather than a two-part factor, and the "same unit of measurement" common to all customer classes is kWh. This language precludes the rate design proposal contained in the Settlement Agreement with respect to Issue 18. Consumer Advocate views the EECR's current one-part kWh energy rate design as an established part of energy efficiency policy.

While Board rules can be waived, there has not been a sufficient showing here to justify a waiver. Neither ICEE nor MidAmerican made a sufficient "good cause" showing for why 199 IAC 35.12(3) should be waived. No information was presented about why MidAmerican's current EECR rate design should be regarded as a hardship for demand-metered Large General Service and Very Large General Service customers. In an analysis of a similar ICEE rate design proposal in IPL's Energy Efficiency Plan (Docket No. EEP-2012-0001), where more data was available, it was clear that such a rate design change would make little difference in the bills of demand-metered customers (e.g., less than 1 percent for high load factor customers), with unknown billing impacts on individual non-demand-metered

customers. As noted by Consumer Advocate, ICEE has not provided any sort of billing analysis to show what the individual billing impacts in this case would be, which is an important consideration in rate design and information that the Board would require before determining that a waiver is appropriate.

The portion of the Settlement Agreement on Issue 18 that provides that MidAmerican will develop a two-part EECR factor with a separate demand factor for recovery of costs associated with direct load control and interruptible program costs and an energy-based factor for all other eligible energy efficiency costs will be rejected. The proponents of this change have not provided sufficient information for the Board to consider the impacts that the proposed change will have on individual customers. If the parties wish to pursue this issue in another docket, MidAmerican should provide a complete review of customer impacts and provide sufficient justification for a waiver of 199 IAC 35.12(3). Because the Board has not adopted a two-part EECR, the request for waiver in this proceeding is moot.

C. Net-to-Gross

Issue 21 deals with what the implications are of, and what consideration should be given to, implementing net-to-gross ratios other than 1.0 for specific programs. This issue has been resolved between MidAmerican and Consumer Advocate. Deere and ICEE have not taken a position on this issue. The Environmental Intervenors object to the resolution of this issue, saying, MidAmerican should be required to calculate energy efficiency savings using net-to-gross ratios.

According to the Settlement Agreement, net-to-gross will be addressed in the context of the Monitoring and Verification Plan (M&V Plan) described in Issue 7 and the technical reference manual described in Issue 20. The M&V Plan, which is part of the Settlement Agreement, contains a section related to net-to-gross. The collaborative review of net-to-gross involving the other investor-owned utilities and interested stakeholders will be postponed until an investigation concerning the methods and policy implications of the Department of Energy's (DOE) Uniform Methods Project is complete. Once that study is complete, or not later than February 2014, a collaborative team will begin to prepare a report for the Board with recommendations regarding net-to-gross policy and a possible implementation framework. The report is expected to be complete by the third quarter of 2015 so the findings can be considered in the current plan and used to inform the next Statewide Assessment.

The Environmental Intervenors said that net-to gross ratios account for free ridership and spillover. The Environmental Intervenors argued that applying net-to-gross ratios will more accurately count savings and enable MidAmerican to more efficiently allocate resources to the most effective programs and measures.

The Environmental Intervenors argued that the value of net-to-gross adjustments is recognized in 199 IAC 35.8(2)"c" which requires that "[t]he utility shall estimate gross and net capacity and energy savings, accounting for free riders, take-back effects, and measure degradation." The Environmental Intervenors said that in

the past the Iowa utilities have complied with this rule by assuming a net-to-gross ratio of 1.0⁶ for all programs because determining net-to-gross poses significant challenges. (Tr. 343). However, the Environmental Intervenors noted that MidAmerican conducted a net-to-gross analysis for some Iowa programs and found ratios significantly below 1.0 and had also done a more extensive analysis for its Illinois energy efficiency programs.

Consumer Advocate noted that the Environmental Intervenors urge the Board to require MidAmerican to calculate energy savings using net-to-gross ratios. (Environmental Intervenors Brief, pp. 18-22). Consumer Advocate stated that MidAmerican agreed to participate in a collaborative process with other Iowa investor-owned utilities and stockholders to evaluate net-to-gross policy and a possible implementation framework. Consumer Advocate maintained that this agreement represents a reasonable approach to evaluating the implementation of net-to-gross policy and new methods of measuring savings in a manner that is transparent and consistent throughout the state of Iowa.

Subrule 199 IAC 35.8(2)"c" states that "[t]he estimated annual energy and demand savings for the plan and each program for each year the measures promoted by the plan and program will produce benefits. The utility shall estimate gross and net capacity and energy savings, accounting for free riders, take-back

⁶ This assumes freeridership and spillover cancel each other out. Environmental Intervenors Brief, p. 19.

effects, and measure degradation." For its Plan, MidAmerican relied on the Statewide Assessment's determination⁷ that

Assuming a net-to-gross ratio of 1.0 may be conservative in certain cases. Research indicates some programs, particularly those for lighting, routinely achieve net-to-gross ratios well over 1.0 when spillover is examined. Even in programs where high free ridership is reported, spillover effects are largely ignored. If properly accounted for, spillover effects may offset free ridership to a large extent." The Statewide Assessment went on to say, "it appears reasonable that gross savings be used as a basis for reporting and target compliance."⁸

The Environmental Intervenors believe MidAmerican should rely on the net-to-gross results from the Evaluation, Monitoring, and Verification study completed by Tetra Tech (May 6, 2013) for three of MidAmerican's programs—HomeCheck, Residential Equipment, and Appliance Recycling. The Environmental Intervenors said net-to-gross results from MidAmerican's Illinois programs could also be used.

The Board finds the approach outlined in Appendix 1 of the Settlement Agreement (M&V Plan, p. 6) is reasonable and will ultimately provide more complete and accurate information regarding net-to-gross in Iowa. It is not appropriate to consider net-to-gross results for three MidAmerican programs and not have Iowa-based net-to-gross results for the other MidAmerican programs without considering the problems this might cause. For example, implementing net-to-gross for only part of MidAmerican's portfolio may inadvertently skew savings results. These broader

⁷ Final Report: Assessment of Energy and Capacity Savings Potential in Iowa, February 28, 2012, p. 67.

⁸ Final Report: Assessment of Energy and Capacity Savings Potential in Iowa, February 28, 2012, p. 8.

issues can be considered in a collaborative review involving more of the interested parties.

The net-to-gross analysis done for MidAmerican's programs in Illinois may provide valuable insight for the collaborative to consider and perhaps lay a foundation for Iowa net-to-gross analysis. However, it appears MidAmerican's programs in Illinois, while similar to those it offered in Iowa, will most likely yield net-to-gross results different than those in Iowa because the programs may not be identical.

The settlement provisions on net-to-gross that include a collaborative process are reasonable and will be approved. Under settlements reached in the various energy efficiency plan dockets, all investor-owned utilities will participate in the net-to-gross collaborative, which should result in a better product than if each utility proceeded independently. The final report on net-to-gross is to be submitted to the Board on or before September 30, 2015.

V. V. ISSUES RESOLVED BY SETTLEMENT AGREEMENT

The following issues appear to be settled by two or more signatories to the Settlement Agreement and not disputed by other signatories to the Settlement Agreement, though they may be disputed by non-signatories. While some of these issues were initially disputed, they were not addressed as disputed issues in brief. WED is not a signatory to the Settlement Agreement.

A. Issue 6—Sustained Coordination

Issue 6 is whether MidAmerican's proposed energy efficiency programs demonstrate a sufficient level of consistent and sustained coordination, such that there is integrated, systematic, and cost-effective implementation of energy efficiency measures within and across program sectors. MidAmerican and Consumer Advocate settled this issue, with MidAmerican agreeing to incorporate provisions for third-party contracting into its request for proposal (RFP) process. MidAmerican also agreed to work with Green Iowa AmeriCorps (GIAC) in the communities in which GIAC operates to develop a supplemental weatherization program for customers on the waiting list for Community Action Program agencies. The Settlement Agreement for Issues 9 and 11 provides additional details.

Deere, the Environmental Intervenors, and ICEE did not take a position on this issue. Some of the issues raised by WED regarding opening the RFP process to third-party contracting have been addressed by the settlement terms for Issue 6. While not all details are in place, it appears a reasonable process has been agreed to so that third-party contractors will have an opportunity to participate in MidAmerican's programs and a supplemental weatherization program will be developed. The Board approves this settlement term, which shows that MidAmerican's proposed energy efficiency programs demonstrate a sufficient level of consistent and sustained coordination.

B. Issue 7—Measurement and Verification

Issue 7 is whether MidAmerican has proposed an appropriate plan and budget for the evaluation, measurement, and verification of its energy efficiency plan. The issue was resolved in the Settlement Agreement by MidAmerican and Consumer Advocate; Deere and ICEE did not take a position. The Environmental Intervenors support the Settlement Agreement on Issue 7, except for the net-to-gross section outlined in Appendix 1 of the Settlement Agreement. The net-to-gross arguments related to measurement and verification were addressed under Issue 21, above.

The Settlement Agreement contains a measurement and verification plan (Appendix 1 to the Settlement Agreement) with proposed process and impact reviews for MidAmerican's energy efficiency portfolio and the verification of gross savings. The measurement and verification plan also contains a timeline regarding the development of a statewide technical reference manual and a net-to-gross study.

The Environmental Intervenors' objections are not related to the measurement and verification plan in terms of the process and impact reviews, the timeline, or verification of gross savings. The issues related to net-to-gross were addressed in Issue 21. The Board will approve the settlement of Issue 7. The Board will require MidAmerican to include an update on its evaluation, measurement, and verification activities in its annual reports and also require MidAmerican to promptly file with the Board any evaluation, measurement, and verification reports.

C. Issue 8—Technical Assistance Standards

Issue 8 is whether MidAmerican's technical assistance standards are adequate and effective to achieve high levels of "conversion," or practice implementation, and to adequately attribute practice implementation and savings back to technical assistance provided versus stand-alone prescriptive or custom rebates. Issue 8 is resolved between MidAmerican and Consumer Advocate; ICEE, the Environmental Intervenors, and Deere did not take a position on this issue. WED objected to the settlement of this issue.

WED argued that its experience has shown that high quality technical assistance to utility customers can provide the foundation for very high rates of customer practice implementation and satisfaction. WED asked that the Board direct MidAmerican improve its proposed assessment programs by ensuring all technical providers are certified by BPI or RESNET; requiring all assessments include a blower door test and all comprehensive assessments use modeling software approved by BPI or DOE to provide reliable predictions of energy and financial savings, including all energy sources and uses; providing customers with an energy action plan that identifies the customer's decision priorities, schedule, and timeline and specific follow-through steps; and aligning program-based financial incentives for both provider and customers to maximize outcomes rather than the number of customers served.

MidAmerican noted that while WED offered several objections to the settlement of Issue 8, none of the objections are supported by testimony; they are new issues being raised in WED's brief. MidAmerican said that the new issues raised by WED do not specifically outline any particular objection to the Settlement. If WED has issues regarding how MidAmerican implements the terms of the Settlement Agreement and believes MidAmerican has failed to comply with the Settlement Agreement, MidAmerican argued it would be more appropriate to raise those issues before the Board at that time.

The Board typically does not approve technical assistance standards, but rather allows the utility (with the assistance of stakeholders) to determine the appropriate standards the utility relies on for technical assistance. If the standards are not producing the desired savings results or customer satisfaction, then MidAmerican will need to re-examine those standards. The evidence shows that MidAmerican has taken steps to address WED's concerns related to this issue and WED has not provided sufficient data to persuade the Board that MidAmerican's proposed residential or nonresidential assessment programs should be modified. The settlement of Issue 8 will be approved.

D. Issue 9—Qualified Energy Professionals

Issue 9 is whether technical assistance (energy auditing, assessments, planning, and follow-through) to all customer classes ought to be open to additional qualified energy professionals not currently participating in MidAmerican's energy

efficiency plan. This issue is resolved between MidAmerican and Consumer Advocate; the Environmental Intervenors, ICEE, and Deere have not taken a position on this issue. WED objects to this settlement item based on program implementation details that MidAmerican does not have available at this time. (Tr. 266).

To address issues raised by Consumer Advocate, MidAmerican said that it will incorporate provisions for third-party subcontracting within its request for proposal (RFP) process. During contract negotiations with the successful bidder, MidAmerican said that it will reserve the right to allow qualified third-party subcontracting and will also retain the right to require the vendor to support third-party subcontracting as defined and directed by MidAmerican. MidAmerican noted that it will retain oversight, management, and direct access to the third-party contractor. (MidAmerican Initial Brief, pp. 28-29).

WED addressed this issue at pages 6 and 7 of its initial brief. WED said that it was encouraged by MidAmerican's willingness to incorporate third-party subcontracting into its RFP process and believes that this is the area with the greatest potential for streamlining and cost savings if implemented by a qualified third party such as the Iowa Energy Center or the Center for Energy and Environmental Education.

To promote efficiency, fairness, and cost-effectiveness in implementing third-party vendors for technical assistance, WED said that MidAmerican should develop and release the RFP in consultation with Consumer Advocate this fall; provide clear

qualifications for technical service providers; give priority to local professionals and organizations where provider territories overlap; allow customers to choose their technical service provider; have a transparent decision making process for approving and denying third-party providers that is open to appeal with the Consumer Advocate as arbitrator; and reimburse third-party technical providers at the same rate for services as the principal vendor. If properly implemented, WED said that this will be a significant step toward ending the current lockout of a large number of Iowa energy professionals from the investor-owned utilities' energy efficiency programs.

MidAmerican said that none of WED's objections to the Settlement Agreement on this issue were supported by testimony; they were first raised in brief. Because the new issues relate to implementation of the Settlement Agreement, MidAmerican said it would be more appropriate to raise those with the Board if MidAmerican fails to comply with the Settlement Agreement's terms. (MidAmerican Reply Comments, p. 9).

This issue relates to whether any qualified professional should be eligible to provide services for MidAmerican's Assessment programs rather than the services being provided by just one contractor. WED also argues that direct install measures do not need to be installed by an energy assessment professional but could be installed by community organizations like GIAC. WED recommends MidAmerican implement a stand-alone direct install program available to all customers—not just

those who receive an energy assessment—but has not presented a fully developed proposal complete with cost-effectiveness data.

The Settlement Agreement resolves this issue between MidAmerican and Consumer Advocate. MidAmerican will incorporate provisions for third-party subcontracting within its RFP. The RFP will allow MidAmerican to support local, third-party contractors and should address some of WED's concerns that qualified energy planning professionals should be able to participate in MidAmerican's Assessment programs. In the absence of any evidence regarding WED's preferred alternatives, the Settlement Agreement on this issue will be approved.

E. Issue 10—Formal Collaboration

Issue 10 is whether a more formal collaboration or enhanced reporting process for energy efficiency plan performance is warranted. This issue has been resolved among MidAmerican, Consumer Advocate, and the Environmental Intervenors. ICEE and Deere did not take a position and WED did not appear to object to this provision in testimony or brief.

The current Consumer Advocate-led stakeholder collaborative has worked well to incorporate stakeholder interest into the investor-owned utilities' energy efficiency processes. The proposed collaboration agreement contained in the Settlement Agreement outlines specific reporting and meeting timelines as well as priority topics to be discussed, including measurement and verification, the technical reference manual, and prioritization of programs for analysis. MidAmerican also

agreed to hold a meeting in the fall of each year to update stakeholders on plan progress and create an opportunity for stakeholder input regarding anticipated program changes. MidAmerican said it would communicate final program changes in a report filed with the Board in January of each year.

The agreement appears to be a compromise among the parties in that it provides more structure to the current stakeholder collaborative without making the stakeholder collaborative a formal advisory council. The Settlement Agreement enhances the current Consumer Advocate-led collaborative process, by outlining reporting and meeting timelines and identifying priority topics. The Settlement Agreement appears to provide more structure to the collaborative process but MidAmerican retains the ultimate responsibility for implementing its energy efficiency plan (with input from the stakeholder collaborative).

The Settlement Agreement also refers to plan and program modifications. The Board reminds the parties and other stakeholders that the Board's rules provide for a plan or budget modification if certain conditions occur, such as a change in the total annual plan budget by plus or minus 5 percent. 199 IAC 35.6(4). However, utilities have modified programs without Board approval during the plan period, if program changes are needed.

The resolution of Issue 10 will be approved.

F. Issue 11—Residential Portfolio Programs

Issue 11 is whether MidAmerican has proposed appropriate Residential Portfolio Programs, including the potential for stand-alone direct install programming open for implementation by qualified community-level organizations including, but not limited to, GIAC teams and hosts. This issue is settled between MidAmerican and Consumer Advocate. Deere and ICEE do not take a position. The Environmental Intervenors support articles F and H, Upstream Lighting and Prescriptive Rebates, and take no position on the remainder of Issue 11.

MidAmerican has a full range of residential programs. MidAmerican agreed to give greater emphasis to LED lighting in its Upstream Lighting program through increased education and marketing and increasing the number of LEDs as a percentage of total bulbs in the program.

The Board will approve the Settlement Agreement on Issue 11. MidAmerican has enhanced its residential offerings and improved its Upstream Lighting program. If changes are needed during the five-year plan period, the collaborative process provides an avenue for stakeholder input to any plan or program revisions.

G. Issue 12—Nonresidential Portfolio Programs

Issue 12 is whether MidAmerican has proposed appropriate Nonresidential Portfolio programs. MidAmerican and Consumer Advocate resolved this issue, while the Environmental Intervenors specifically endorse article C but take no position on

the remainder of this issue. ICEE and Deere do not take a position on this settled item.

MidAmerican's plan includes commercial assessments, commercial new construction, and prescriptive rebates. The proposed settlement of Issue 12 will be approved. MidAmerican's plan contains a broad range of nonresidential options and the Settlement Agreement appears to improve on the current plan portfolio.

H. Issue 13—Outreach, Education, and Training

Issue 13 is whether MidAmerican has proposed appropriate Outreach, Education, and Training programs, including the potential for local or community programs including, but not limited to, GIAC teams and hosts for local activities. MidAmerican and Consumer Advocate settled this issue; Deere, ICEE, and the Environmental Intervenors take no position.

Pursuant to the Issue 13 agreement, MidAmerican agreed to develop a formal marketing and advertising strategy for its entire portfolio as well as for individual programs. MidAmerican also agreed to continue and expand its Des Moines GIAC neighborhood pilot if it proves to be successful in promoting energy efficiency programs and savings. Finally, MidAmerican agreed that its tree programs will maintain a clear energy efficiency nexus. The agreement on Issue 13 is reasonable and will be approved.

I. Issue 14—Demand Response

Issue 14 is whether MidAmerican has proposed appropriate Demand Response programs. MidAmerican and Consumer Advocate reached agreement that MidAmerican's proposed level of spending and participation in the Residential and Nonresidential Load Management program is appropriate. Deere, ICEE, and the Environmental Intervenors did not take a position or object to the resolution of this issue.

MidAmerican's demand response programs are mature programs that have proved to be successful. The settlement of Issue 14 will be approved.

J. Issue 19—Market Transformation

Issue 19 is whether MidAmerican is appropriately integrating a market transformation approach in its program and, if so, what are the implications of market transformation (e.g., when the market has been transformed via energy efficiency codes and standards or other intervention strategies). The issue has been settled between MidAmerican and Consumer Advocate. ICEE, the Environmental Intervenors, and Deere did not take a position on the issue and WED did not file comments addressing this issue.

In Consumer Advocate witness Foster's direct testimony, an argument was made that MidAmerican should move to a "market transformation" approach which moves away from prescriptive measures, high rebate levels, and contractor-delivered programs to comprehensive, customer-centered, multi-year approaches or strategies

that result in greater savings. MidAmerican noted that the settlement terms for Issues 5, 7, 10, and 20 address the concerns Consumer Advocate raised about market transformation. The Board will approve the market transformation portion of the Settlement Agreement.

K. Issue 20—Technical Reference Manual

Issue 20 concerns the development of a technical reference manual, including formulation, consistency among utilities, timing of implementation, and independent oversight process and administration. MidAmerican, Consumer Advocate, and the Environmental Intervenors settled this issue; ICEE and Deere did not take a position.

MidAmerican said that it agreed to work with IPL, Black Hills Energy, and interested stakeholders in the development of a technical reference manual. (MidAmerican Initial Brief, p. 28). Consumer Advocate noted that MidAmerican's agreement to participate in the development and maintenance of a statewide technical reference manual will bring improved precision and more rigorous and frequent review to the deemed savings employed by the Statewide Assessment. Consumer Advocate said the manual can be expected to contribute to reported savings more closely mapping to verified savings as well as developing useful life and baseline assumptions for various energy efficiency offerings. (Tr. 248-51, 422).

The Board believes a collaborative process to develop and maintain a statewide technical reference manual is a worthwhile endeavor and will approve this portion of the Settlement Agreement. The Settlement Agreement provides that the

investor-owned utilities and interested stakeholders will form a planning committee to develop an RFP for an independent, third-party contractor to be selected through a competitive bidding process and the expectation is that the technical reference manual will be completed in time for use in the Statewide Assessment for the 2019-2023 energy efficiency plans.

L. Issue 22—Avoided Costs

Issue 22 is whether avoided cost timing or methodologies should be revised or addressed in this proceeding. MidAmerican, Consumer Advocate, and the Environmental Intervenors have settled this issue. Deere and ICEE took no position. The three signatories agreed to request an investigative proceeding before the Board to address the issue of avoided cost in more detail. Pursuant to the agreement, the three signatories are to submit the request, either singularly or jointly, by January 15, 2014.

By way of background, this issue first arose with respect to MidAmerican in Docket No. TF-2012-0574, a revision to MidAmerican's Cogeneration and Small Power Production tariff. The proposed tariff revised MidAmerican's standard rates for purchases of energy and capacity from qualifying facilities (QF) with a capacity of 100 kilowatts or less (Small QFs) under the Public Utility Regulatory Policies Act of 1978 (PURPA) and 199 IAC 15.5(3). Various issues were raised by intervening parties, including whether utilities should use the same uniform avoided cost methodology for purchasing energy and capacity from PURPA QFs and for energy

efficiency plan dockets, whether avoided cost methodologies should be made more transparent, and identification of the most appropriate forum for addressing these issues. The parties to the tariff filing agreed to continue the discussion in MidAmerican's energy efficiency plan filing.

Similar issues were raised and refined in the current plan proceeding docket.

Some of the issues raised were:

- a) Whether MidAmerican's current avoided cost methodologies are compliant with 199 IAC 35.9(7), 35.10 (2), and 35.10(4) and whether changes in methodology are warranted;
- b) Whether the identified avoided costs accurately reflect the costs that MidAmerican avoids by implementing energy efficiency or customer-sited renewable energy programs;
- c) Whether avoided cost determinations should be computed using the same methodology for both EEP development (199 IAC 35.9(7)) and PURPA qualifying facilities pricing (199 IAC 15.5); and
- d) Whether a change in avoided costs of more than 10-20 percent during plan implementation should result in an updated screening of energy efficiency programs to consider whether program changes or plan modification are warranted.

Other interested persons have questioned which components of MidAmerican's energy efficiency plan avoided costs should be used in determining avoided costs for PURPA QFs. One of the disagreements is over the application of MidAmerican's energy efficiency plan add-on adjustment factors to MidAmerican's QF avoided costs.

The Board believes it is appropriate to continue the discussion and will approve the settlement of Issue 22. The signatories requesting the investigative proceeding are to specify the issues they intend to address that have not already

been addressed in either the tariff proceeding or the MidAmerican energy efficiency plan proceeding, specify their respective ongoing concerns, and propose solutions for discussion.

The Board will approve MidAmerican's proposed avoided costs for this proceeding, and for consistency and continuity, these avoided costs will remain in effect until MidAmerican's next energy efficiency plan; the current avoided costs for energy efficiency purposes will not be revised for this plan period (2014-2018) as a result of any findings or recommendations that result from the investigative proceeding.

VI. VI. ADMINISTRATIVE ISSUES

The Board will require MidAmerican to clarify the new plan, as modified by the settlement and the Board's decisions in this order, to reduce any potential confusion in interpreting the new plan. MidAmerican will be required to document any program specific changes in annual savings impacts due to the Settlement Agreement and this order. This compliance filing should be filed with the Board by January 31, 2014, and must include an update of any budget or savings changes applicable to any of the tables in Schedules 1 and 2 of MidAmerican witness Rea's Exhibit CBR-1 filed on February 1, 2013, in this docket. In subsequent years, MidAmerican must file an update of program features (much like Attachment A filed on May 10, 2013, as part of Docket No. WRU-2013-0010-0156 (EEP-08-2)). The update is to describe program

changes that do not require a plan modification and those updates will be due on January 31 of each year.

There are other administrative requirements that the Board will address. First, as noted earlier, MidAmerican will be required to file its next energy efficiency plan on or before November 1, 2017, with a target effective date for the new plan of January 1, 2019. Second, MidAmerican will be required to continue filing annual reports presenting the results of its energy efficiency plan implementation on or before May 1 of each year. Third, a report on net-to-gross is to be filed on or before September 30, 2015. Fourth, a technical reference manual is to be filed on or before September 30, 2016.

Also, as discussed earlier, the Board intends to convene a meeting approximately 18 months before the first plan filing in the next cycle for all interested stakeholders to discuss what the Board expects to see in the initial plan filings so that the Board will not need to issue orders requiring extensive additional information, which disrupts the plan review schedule. As a guide, the Board's requests for additional information in this docket contain much of what the Board will expect to see in the next initial plan filing. Notice of the meeting will be provided to all parties to the plan proceeding and the Board expects that Consumer Advocate or another participant will announce the date, location, and time of the meeting during the collaborative meetings. The notice of the meeting will also be posted on the Board's Website.

One final matter will be addressed. On October 16, 2013, ICEE filed a motion asking that the Board accept its attached updated membership list. On October 16, 2013, the Environmental Intervenors filed an objection, stating that it was too late in the proceeding to add a member unless the new member filed a late-filed exhibit identifying all energy efficiency measures and all energy feasibility studies and audits it has conducted.

The Board does not determine who is a member of an ad hoc intervenor group but asks that the members be identified to facilitate any discovery or questions at hearing. The motion filed by ICEE was unnecessary; ICEE merely needed to file a new membership list or document identifying the new member. Because the Board does not determine group membership, the Board will not rule on the ICEE motion or the objection.

VII. VII. FINDINGS OF FACT

1. Subject to the modifications to the Settlement Agreement contained in this order and the Board's decisions on the contested issues, the Settlement Agreement is reasonable in light of the whole record, consistent with law, and in the public interest.

2. It is reasonable to find that the 2014 through 2018 energy efficiency plan filed by MidAmerican is cost-effective pursuant to the societal cost test, while providing the required analysis from the utility, participant, and ratepayer impact tests.

3. It is reasonable to find that MidAmerican's energy efficiency plan meets the plan requirements set forth in 199 IAC 35.8, 35.9, and 35.10.

4. The Settlement Agreement's resolution of the appropriate amount of achievable economic potential pursuant to the Statewide Assessment is reasonable.

5. MidAmerican's annual savings targets as contained in the resolution to Issue 4 in the Settlement Agreement are reasonable.

6. It is reasonable to conclude that MidAmerican's proposed energy efficiency programs and budgets, as modified by the Settlement Agreement, are reasonable to achieve MidAmerican's projected savings.

7. It is unreasonable to include an opt-out provision for certain large customers in MidAmerican's energy efficiency plan and it is also unreasonable for the Board to institute a rule making or other proceeding on the topic.

8. It is unreasonable to provide energy efficiency cost recovery factors and charges as separate line items on customers' bills.

9. It is unreasonable to expand MidAmerican's combined heat and power program, but reasonable to continue the current program and require MidAmerican to provide more detailed information and guidelines.

10. It is reasonable to address MidAmerican's street lighting tariff in its pending rate proceeding, Docket No. RPU-2013-0004, and not in this energy efficiency proceeding.

11. It is unreasonable to require MidAmerican to offer an incentive-based renewable energy program as part of its energy efficiency program, but reasonable to require MidAmerican to offer technical information and assistance for renewable projects as part of its outreach, education, and training program.

12. It is reasonable to allow MidAmerican to track nonresidential energy efficiency expenditures by rate class as well as by program.

13. It is reasonable to add the credits for residential load control and the nonresidential interruptible credits and allocate to classes using the generation demand factor, but it is unreasonable to develop a two-part energy efficiency cost recovery factor with a separate demand factor for recovery of direct load control and interruptible program costs and an energy-based factor for all other eligible energy efficiency costs.

14. The Settlement Agreement's resolution of the net-to-gross issue is reasonable.

15. The Settlement Agreement's resolution of the sustained coordination issue is reasonable.

16. The evaluation, measurement, and verification plan contained in the Settlement Agreement is reasonable.

17. It is reasonable to address technical assistance standards as provided in the Settlement Agreement.

18. The process for participation in MidAmerican's energy efficiency plan by qualified energy professionals is reasonable.

19. The collaboration process outlined in the Settlement Agreement is reasonable.

20. MidAmerican's residential portfolio programs are reasonable.

21. MidAmerican's nonresidential portfolio programs are reasonable.

22. The Settlement Agreement's resolution of outreach, education, and training is reasonable.

23. MidAmerican's demand response portfolio programs are reasonable.

24. The Settlement Agreement on market transformation is reasonable.

25. Developing a statewide technical reference manual is reasonable.

26. It is reasonable to address general topics related to avoided costs in another docket and it is reasonable to approve, for the duration of MidAmerican's 2014 through 2018 energy efficiency plan, the energy efficiency avoided costs developed and used in this proceeding.

VIII. VIII. CONCLUSION OF LAW

The Board has jurisdiction of the parties and the subject matter in this proceeding pursuant to Iowa Code chapter 476 (2013).

IX. IX. ORDERING CLAUSES

IT IS THEREFORE ORDERED:

1. The non-unanimous partial settlement agreement filed on August 26, 2013, by MidAmerican Energy Company, Consumer Advocate, the Environmental Intervenors, ICEE, and Deere is approved, subject to the clarifications and modifications contained in this order. MidAmerican's energy efficiency plan filed on February 1, 2013, as supplemented by the additional information filed on February 26, March 19, and April 3, 2013, and as modified by the Settlement Agreement and this order, is approved. MidAmerican will be required to document any program specific changes in annual savings impacts and update the total savings impacts by year due to the Settlement Agreement and this order. This information shall be filed with the Board, on or before January 31, 2014, and shall include an update of any budget or savings changes applicable to any of the tables in Schedules 1 and 2 of MidAmerican witness Rea's Exhibit CBR-1 filed on February 1, 2013, in this docket. In subsequent years, MidAmerican must file an update of program features (much like Attachment A filed on May 10, 2013, as part of Docket No. WRU-2013-0010-0156 (EEP-08-2)). The update is to describe program changes that do not require a plan modification and those updates will be due on January 31 of each year.
2. MidAmerican shall file its next energy efficiency plan on or before November 1, 2017. The Board intends to schedule by subsequent order a meeting with all investor-owned utilities and interested stakeholders to discuss filing

requirements for the next energy efficiency plans; the meeting will be held approximately 18 months prior to the first scheduled plan filing.

3. MidAmerican shall continue to file annual energy efficiency reports on or before May 1 of each year. The annual reports shall include updates on evaluation, measurement, and verification activities. Final evaluation, measurement, and verification reports are also to be filed, as they become available.

4. MidAmerican shall submit a final report on net-to-gross on or before September 30, 2015. The filing may be made jointly with other utilities.

5. MidAmerican shall file a technical reference manual on or before September 30, 2016. The filing may be made jointly with other utilities.

6. Motions and objections not previously granted or sustained are denied or overruled. Any argument in the briefs not specifically addressed in this order is rejected either as not supported by the evidence or as not being of sufficient persuasiveness to warrant comments.

UTILITIES BOARD

/s/ Elizabeth S. Jacobs

/s/ Nick Wagner

ATTEST:

/s/ Judi K. Cooper
Executive Secretary, Deputy

Dated at Des Moines, Iowa, this 16th day of December 2013.