

**MIDAMERICAN ENERGY COMPANY ENERGY EFFICIENCY PLAN**

**DOCKET NO. 08-0107/108 (Consol.)**

**2012 ANNUAL RECONCILIATION REPORT<sup>1</sup>**

**Executive Summary**

MidAmerican Energy Company's (MidAmerican) 2012 Annual Reconciliation Report summarizes the 2012 Energy Efficiency program results.

**Background**

On June 1, 2008, MidAmerican began offering energy efficiency programs (EE) in its Illinois service territory pursuant to Illinois Commerce Commission (Commission) Order on May 21, 2008, in Docket Nos. 08-0108 and 08-0109 (Consolidated). The Program Year for this Report is January 1, 2012 through December 31, 2012. The EE Programs covered for this Program Year are the EE Programs approved by the Commission in Docket Nos. 08-0108 and 08-0109.

**2012 Plan Summary**

MidAmerican presents its 2012 annual report on energy efficiency programs and activities. Overall preliminary electric and gas savings achieved by MidAmerican's Illinois energy efficiency programs in 2012 were less than projected.

The residential electric and gas programs savings were 93 percent and 95 percent of budget, respectively. The residential electric load management program was the biggest driver of the electric results, with savings 65 percent over projections; followed by the residential electric energy audit program with savings 10 percent over projections. The residential electric equipment program achieved only 70 percent of budgeted savings. These results were offset significantly by the residential new construction and low income programs, which achieved only

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<sup>1</sup> Beginning in 2010, MidAmerican combined its Annual Reconciliation Report and Annual Report since the two reports are similar and duplicate spending and results.

six percent and 59 percent of budgeted savings, respectively. Among the gas residential programs, the residential gas energy audit program was the biggest driver, with savings that were 21 percent over budget. Savings for the gas residential equipment program were also strong at five percent over budget. Savings for the low income program were close to budgeted savings at 96 percent. These gas results were also offset by the residential new construction which achieved only one percent of budgeted savings.

Savings projections were not met by the nonresidential programs. The nonresidential electric and gas programs achieved 96 percent and 67 percent of budgeted savings, respectively. However, the total savings recognized from nonresidential electric and gas programs improved significantly compared to 2011. All nonresidential electric programs except the equipment program exceeded the budgeted savings by at least 29 percent. The nonresidential electric energy audit, custom and nonresidential energy audit programs exceeded budgeted savings by 1,697 percent, 1,066 percent, and 360%, respectively. Although overall savings for nonresidential gas program did improve over 2011 only the nonresidential gas custom program exceeded budgeted savings at 31 percent over projections. The nonresidential gas nonresidential equipment, small commercial energy audit, nonresidential energy analysis and commercial new construction programs achieved 53 percent, 65 percent and four percent of budgeted savings, respectively.

**Preliminary savings totals for 2011: <sup>2</sup>**

- Annual kWh savings for 2012 were 17,570,424 kWh, which are 96 percent of overall planned 2012 savings.
- Annual peak demand kW savings for 2012 were 18,441 kW, which are 64 percent of overall planned 2012 savings.

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<sup>2</sup> The energy savings reporting in this report are preliminary results. MidAmerican may conduct additional analysis to determine final energy savings. If there is a significant difference between the preliminary savings and the final savings, MidAmerican will update the savings.

- Annual gas therm savings were 304,743 therms, which are 82 percent of overall planned 2012 savings.
- Annual gas peak therm savings for 2012 were 3,564 peak therms, which are 61 percent of overall planned 2012 savings.

**Spending totals for 2012:**

- Electric program spending for 2012 was \$3,551,472, which was 107 percent of overall planned 2012 spending.
- Gas program spending for 2012 was \$1,456,204, which was 82 percent of overall planned 2012 spending.
- Total actual electric and gas program spending for 2012 was \$5,007,676, which was 98 percent of total planned 2012 spending.

**General Program Summaries**

**Residential Program Savings**

Total preliminary electric and gas savings for residential programs in 2012 were 2,711,764 kWh and 197,710 therms respectively. These figures are 93 percent of total 2012 planned electric savings and 95 percent of total 2012 planned gas savings. Total spending for residential programs was \$2,011,282, which is 75 percent of the 2012 plan.

**Nonresidential Program Savings**

Total preliminary electric and gas savings for nonresidential programs in 2012 was 14,858,660 kWh and 107,033 therms respectively. These figures are 96 percent of total 2012 planned electric savings and 67 percent of total 2012 planned gas savings. Total spending for nonresidential programs was \$2,996,394, which is 123 percent of the 2012 plan.

### **Key Non-Program Related Activities**

Key activities on non-program related initiatives for 2012 include the following:

- A trade ally meeting was held November 16, 2012. Local heating and cooling, lighting, motor and variable speed drive, insulation, home construction and other interested contractors serving MidAmerican's Illinois customers were in attendance to learn about MidAmerican's programs and had a chance to visit in person with the energy efficiency product managers.
- MidAmerican continues to be associated with the Midwest Energy Efficiency Alliance (MEEA) and the Consortium for Energy Efficiency (CEE) and to review with those organizations the International Energy Conservation Code 2009, ASHRAE 90.1-2009, the Energy Independence and Security Act (EISA 2007) and other appliance and equipment standards established by the Environmental Protection Agency's ENERGY STAR<sup>®</sup> program and the U.S. Department of Energy. This allows MidAmerican to keep current with changes to technology and codes/standards. Regular board and committee meetings and conference calls are held by these organizations and state and federal governments regarding energy efficiency end uses including HVAC and water heating equipment, motors and variable speed drives, water and waste water treatment, residential and commercial lighting, data centers, customer-owned distribution transformers, commercial kitchen equipment and industrial process equipment and systems. These activities have aided MidAmerican in program planning and implementation.

## Detailed Program Summaries

### Residential Equipment

Total preliminary electric and gas savings for the Residential Equipment program in 2012 were 418,911 kWh and 95,293 therms respectively. These figures are 70 percent of total 2012 planned electric savings and 105 percent of total 2012 planned gas savings. Total spending for the Residential Equipment program was \$780,095, which is 71 percent of the 2012 plan.

Residential Equipment program highlights for 2012 include the following:

- During 2012 MidAmerican processed:
  - Over 967 natural gas forced air furnace rebates, compared to 1,096 for 2011.
  - 171 natural gas water heater rebates, compared to 223 for 2011.
  - 673 air conditioner rebates, compared to 860 for 2011.
- MidAmerican promoted the program in the *At Your Service* newsletter in February, May, August, and November.

### Residential Audit

Total preliminary electric and gas savings for the Residential Audit program in 2012 were 2,175,730 kWh and 92,674 therms respectively. These figures are 110 percent of total 2012 planned electric savings and 121 percent of total 2012 planned gas savings. Total spending for the Residential Audit program was \$860,286, which is 77 percent of the 2012 plan.

Residential Audit program highlights for 2012 include the following:

- MidAmerican completed 844 in-home audits during 2012, compared to 1,144 in 2011.
- 83 customers completed the residential online energy audit during 2012, compared to 346 in 2011.
- MidAmerican processed 702 insulation rebates, compared to 680 in 2011.

- MidAmerican rebated 25,578 compact fluorescent lamps through the retail CFL campaign in 2012, compared to 44,491 in 2011.
- MidAmerican promoted the program in the *At Your Service* newsletter in February, May, August, and November.

### **Residential New Construction**

Total preliminary electric and gas savings for the Residential New Construction program in 2011 were 14,635 kWh and 234 therms respectively. These figures are 6 percent of total 2012 planned electric savings and 1 percent of total 2012 planned gas savings. Total spending for the Residential New Construction program was \$18,463, which is 51 percent of the 2012 plan.

Residential New Construction program highlights for 2012 include the following:

- MidAmerican processed four new home rebates in 2012, compared to 11 in 2011.
- During second quarter of 2012, MidAmerican met with raters and builders to promote program awareness and encourage participation.

Due to low program participation and the cost-benefit analysis for this program, the Commission ordered the residential new construction program removed from MidAmerican's offerings in 2013. MidAmerican has identified 18 homes enrolled in the program prior to its discontinuance that are not yet completed but may be completed in 2013. The 2012 budget reflects the potential for rebates related to these homes, approximately \$10,000. The accounting structure for the program will remain in place, allowing payments to be processed for homes enrolled in 2012. Associated savings will be recorded in 2013 based on the payment date of the rebate.

### **Residential Load Management**

Total preliminary electric savings for the Residential Load Management program in 2012 were 3,324 kW of system peak demand and 81,352 kWh. These figures represent 121 percent of total 2012 planned peak demand kW savings and 165 percent of total planned kWh savings.

Total spending for the SummerSaver<sup>®</sup> program was \$276,559, which is 101 percent of the 2012 plan.

Residential Load Management program highlights for 2012 include the following:

- 2,730 customers participating in the SummerSaver<sup>®</sup> program
- Participating customers received approximately \$90,165 in rebates in the form of bill credits on their October utility bills for participation in 2012.
- 413 new LCRs were installed, bringing the year-to-date net gain total to 360.
- MidAmerican utilized the program on 12 occasions during 2012 on the following dates:  
June 28, July 3, July 5, July 6, July 16, July 17, July 18, July 23, July 24, July 25, August 30 and August 31.

### **Nonresidential Equipment**

Total preliminary electric and gas savings for the Nonresidential Equipment program in 2012 were 2,326,354 kWh and 9,809 therms respectively. These figures are 23 percent of total 2012 planned electric savings and 53 percent of total 2012 planned gas savings. Total spending for the Nonresidential Equipment program was \$250,781, which is 112 percent of the 2012 plan.

Nonresidential Equipment program highlights for 2012 include the following:

- Nine variable speed drives were installed in 2012, compared to eight in 2011.

- 2,418 T-8 and T-5 high-bay linear fluorescent lighting fixtures replacing HID lighting, occupancy sensors and low-bay T-8 / T-5 retrofits were installed in 2012, compared to 3,141 in 2011.
- 51 natural gas forced air furnaces were rebated, compared to 62 for 2011.
- Five natural gas boilers were installed 2012, compared to five boilers installed in 2011.

### **Nonresidential Custom**

Total preliminary electric and gas savings for the Nonresidential Custom program in 2012 were 2,374,229 kWh and 65,022 therms, respectively. These figures are 1066 percent of total 2011 planned electric savings and 131 percent of total 2012 planned gas savings. Total spending for the Nonresidential Custom program was \$391,340, which is 910 percent of the 2012 plan.

Nonresidential Custom program highlights for 2012 include the following:

- 18 custom project applications were received in 2012; 13 commercial and 5 industrial.
- Nine customers completed custom projects during 2012 totaling \$318,081.35 in incentives. Electric savings resulted from a ventilation system and controls, air compressors, lighting and control measures, and CO2 sensors. Natural gas savings resulted from a ventilation system and controls, an HVAC system, a modular boiler systems and CO2 sensors.

### **Small Commercial Energy Audit**

Total preliminary electric and gas savings for the Small Commercial Energy Audit program in 2012 were 998,247 kWh and 19,520 therms respectively. These figures are 1697 percent of total 2012 planned electric savings and 55 percent of total 2012 planned gas savings. Total spending for the Small Commercial Energy Audit program was \$207,243, which is 67 percent of the 2012 plan.

Small Commercial Energy Audit program highlights for 2012 include the following:

- 182 electric and gas audits were completed.
- 1,864 direct install measures were installed during audits.
- 1,600 customer-installed measures were completed including 1,540 lighting measures, 22 insulation projects, 19 HVAC units and 12 high efficiency windows.
- MidAmerican promoted the program in *At Your Service* in August and November.
- MidAmerican promoted the program in *At Your Service* in May and November.

### **Nonresidential Energy Analysis**

Total electric and gas savings for the Nonresidential Energy Analysis program in 2012 were 4,729,653 kWh and 11,206 therms respectively. These figures are 360 percent of total 2012 planned electric savings and 65 percent of total 2012 planned gas savings. Total spending for the Nonresidential Energy Analysis program was \$959,565, which is 93 percent of the 2012 goal.

Nonresidential Energy Analysis program highlights for 2012 include the following:

- 13 walkthrough audits were completed in 2012.
- 11 customers completed nineteen projects during 2012 totaling \$784,789.92 in incentives. Electric savings resulted from a refrigeration control system, variable frequency drives, a chiller, lighting and control measures, a sealed roll up door, an air handling unit, insulation and a roof replacement project. Natural gas savings resulted from insulation, a sealed roll up door and a roof replacement project.

### **Commercial New Construction**

Total electric and gas savings for the Commercial New Construction program in 2012 were 4,349,880 kWh and 1,476 therms respectively. These figures are 129 percent of total 2012 planned electric savings and 4 percent of total 2011 planned gas savings. Total spending for the

Commercial New Construction program was \$679,962 which is 300 percent of the 2012 plan.

Commercial New Construction program highlights for 2012 include the following:

- No new construction projects were enrolled in 2012 compared to seven during 2011.
- Construction incentives were processed for three construction projects completed in 2012. Two of the three projects had natural gas savings.

### **Nonresidential Load Management**

Total electric savings for the Nonresidential Load Management program in 2012 were 15,635 kW of system peak demand. This figure is 70 percent of total 2012 planned peak demand kW savings (meter level). Total spending for the Nonresidential Load Management program was \$626,408, which is 108 percent of the 2012 plan. Significant notes for 2012 for the

Nonresidential Load Management program include the following:

- Customers were each called seven times for curtailment events in the 2012 season.
- Incentive payments were distributed to participants by December 2012; participants earned 97 percent of contract incentives.
- Participants achieved an overall realization rate of 109 percent (actual curtailed load vs. contract) for the season.

### **Residential Low Income**

Total electric and gas savings for the Low Income program in 2012 were 21,136 kWh and 9,510 therms respectively. These figures are 59 percent of total 2012 planned electric savings and 96 percent of total 2012 planned gas savings. Total spending for the Low Income program was \$75,879, which is 52 percent of the 2012 plan.

Low Income program highlights for 2012 include: 76 homes received weatherization services during 2012, compared to 15 in 2011. The number of homes decreased in 2011 because Project

NOW was involved with resolving a prevailing wage issue which affected their ability to weatherize homes. The prevailing wage issue has been resolved and weatherization activity returned to previous levels in 2012.

### **Reasonableness and Prudence of Costs**

The costs associated with MidAmerican's Illinois energy efficiency programs in 2012 are reasonable and prudent. While MidAmerican exceeded the planned 2012 budget for its gas Nonresidential Equipment and Custom and electric Nonresidential Equipment, Custom and Commercial New Construction programs, MidAmerican was close to planned 2012 budgets for all other programs. MidAmerican indicated in its initial plan filing, it will manage total budgets rather than individual program budgets and continue program operation, even if program spending in a given year exceeds the estimates provided in the initial filing. (*See* MidAmerican Exhibit 3.0, Direct Testimony of Fredrick A. Leuthauser, page 11, lines 245-247). Exceeding the 2012 planned spending for the gas Nonresidential Equipment and electric Custom and Commercial New Construction programs reflects MidAmerican's efforts to continue program operation and ensure that MidAmerican customers can continue to take advantage of the energy efficiency programs. Most importantly, 2012 spending for these programs correlated to the greater than expected energy savings from the programs.

As MidAmerican also indicated in its initial EE Plan filing, fees; charges; billing; costs and expenses associated with equipment, devices, or services, including contracted services and/or consultative services, are based on competitive bidding processes and procedures developed and consistently administered by the Company's procurement and supply chain department.

MidAmerican's procurement and supply chain processes and procedures include a requirement to re-bid contracts at regular intervals. Several energy efficiency contracts impacting MidAmerican's

Illinois programs were re-bid in 2013. The process of regularly re-bidding contracts ensures that fees and charges related to EE programs and costs and expense related to equipment and services for the EE programs are competitively priced and, therefore, cost effective for Illinois customers.

MidAmerican also regularly monitors and examines its expense for wages, salaries and benefits of all employees, including those engaged in energy efficiency activities. Additionally, MidAmerican followed its internal accounting procedures and ensured that “incremental costs [will] not include any expenses for wages, salaries and benefits of Company employees, employed wither before or after the effective date of Section 8-408 of the Act, that are otherwise recovered under other approved tariffs.

MidAmerican continues to monitor its Illinois EE programs as they mature, and the Company will take appropriate steps to improve program performance. Monitoring and evaluation is a key aspect for the EE programs and help ensure that the EE expenditures are reasonable and prudent.