

**STATE OF IOWA  
DEPARTMENT OF COMMERCE  
BEFORE THE IOWA STATE UTILITIES BOARD**

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**IN RE:** :  
: **APPLICATION OF MIDAMERICAN ENERGY COMPANY FOR A DETERMINATION OF RATEMAKING PRINCIPLES** : **DOCKET NO. RPU-2014-0002**  
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**DIRECT TESTIMONY  
OF  
MICHAEL C. FEHR**

- 1 **Q. Please state your name and business address.**
- 2 A. Michael C. Fehr. My business address is 666 Grand Ave., Des Moines, Iowa  
3 50309.
- 4 **Q. By who are your employed and in what position?**
- 5 A. I am Director of Regulatory Relations for MidAmerican Energy Company  
6 (“MidAmerican” or “Company”).
- 7 **Q. Please describe the responsibilities of your current position.**
- 8 A. My primary responsibilities include regulatory relations and regulatory strategic  
9 planning. I am also involved in energy efficiency, providing advice and assistance  
10 regarding performance-based regulation, regulated cost of service and rate design,  
11 and legislative development and strategy.
- 12 **Q. Please describe your educational background and business experience.**
- 13 A. I received a Bachelor of Science degree in Animal Science from Iowa State  
14 University in 1992. From 1992 to 1995, I worked on a family farm near West  
15 Bend, Iowa. In 1995, I returned to Iowa State University where I received a  
16 Bachelor of Science in Mechanical Engineering in 1997. From 1997 to 2010, I

1 was employed by Black & Veatch in Overland Park, Kansas, where I worked in  
2 various mechanical engineering technical roles and technical group management  
3 roles prior to being promoted to work in the Office of Chief Engineer. My  
4 experience at Black & Veatch consisted primarily of providing engineering  
5 support to proposed and existing natural gas, coal, and nuclear generating stations,  
6 systems, and equipment such as performing proposal support for new generating  
7 stations or large scopes of work at existing generating stations, performing  
8 economic studies, performing design calculations, troubleshooting performance,  
9 and conducting performance testing. While working for the Chief Engineer my  
10 responsibilities were varied, but included responsibility for maintaining Black &  
11 Veatch's mechanical guide specifications and design standards. I became a  
12 licensed Professional Engineer in the state of Kansas in 2001 and obtained a  
13 Master of Business Administration degree from the University of Kansas in 2009  
14 while I was working for Black & Veatch.

15 In 2010, I joined MidAmerican as Business Manager at MidAmerican  
16 Energy's Walter Scott Jr. Energy Center, which consists of four coal-fired power  
17 plants. My primary responsibilities as business manager included managing the  
18 site operations and maintenance budget, supervising storeroom and inventory,  
19 supervising the administrative staff, and assisting with capital budget planning. I  
20 also participated in several fleet-wide initiatives related to generating fleet cost  
21 management and assisted the site general manager in a wide range of areas not  
22 directly related to business management such as emergency flood response,

1 system and equipment monitoring, performing site inspections, and other  
2 miscellaneous tasks.

3 In April 2013, I transferred from MidAmerican to MidAmerican  
4 Renewables, LLC as Solar General Manager. In this position, I was responsible  
5 for managing all aspects of the 579 MW Solar Star photovoltaic solar generating  
6 site under construction near Rosamond, California. The responsibilities of this  
7 position involved overseeing construction, environmental compliance, operations  
8 and maintenance, financial performance, permitting, contract compliance,  
9 regulatory compliance, and community and stakeholder relations. In June 2014, I  
10 returned to MidAmerican in Des Moines, Iowa to the position I currently hold.

#### **PURPOSE OF TESTIMONY**

11 **Q. What is the purpose of your prepared direct testimony?**

12 A. The purpose of my testimony is to provide information concerning  
13 MidAmerican's Board-approved Energy Efficiency Plan.

#### **ENERGY EFFICIENCY PLAN**

14 **Q. Iowa Code §476.6 (19) (2013) requires that MidAmerican have in effect a**  
15 **Board-approved Energy Efficiency Plan, for its electric customers, in order**  
16 **to have a ratemaking principles application considered by the Board. Please**  
17 **describe whether MidAmerican satisfies this requirement.**

18 A. MidAmerican fully satisfies this requirement. MidAmerican has in effect a five-  
19 year, Board-approved Energy Efficiency Plan ("Plan"). The Plan was approved by  
20 the Board in Docket No. EEP-2012-0002 on December 16, 2013, with the  
21 requirement that MidAmerican document any program specific changes in annual

1 savings impacts and update the total savings impacts by year due to the  
2 Settlement Agreement and Board Order. The Settlement Agreement referenced in  
3 the order was filed on August 26, 2013 by MidAmerican Energy Company,  
4 Consumer Advocate, Environmental Intervenors (Iowa Environmental Council,  
5 Environmental Law and Policy Center, and Iowa Policy Project are collectively  
6 Environmental Intervenors), Iowa Consumers for Energy Efficiency (ICEE), and  
7 Deere & Company. On January 31, 2014, MidAmerican filed its compliance  
8 filing pursuant to the Board's Order issued December 16, 2013. On  
9 February 24, 2014, MidAmerican filed a revision to its original Energy Efficiency  
10 Plan as submitted February 1, 2013 to incorporate changes to the program budgets  
11 and savings and other changes resulting from the Settlement Agreement and  
12 December 16, 2013 Board Order. The February 24, 2014 filing did not include an  
13 updated benefit-cost study, but the updated benefit-cost study was filed  
14 May 5, 2014. On June 10, 2014, the Board issued an order accepting the  
15 compliance information. The Plan is currently in its first year of implementation,  
16 so no actual annual results from the Plan are available at this time. The Board's  
17 order of approval is provided as Fehr Exhibit \_\_ (MCF-1), Schedule 1 and the  
18 Board's order accepting compliance information is provided as Fehr Exhibit \_\_  
19 (MCF-1), Schedule 2. The Plan is in effect for the five-year period of 2014  
20 through and including 2018.

21 **Q. Does MidAmerican anticipate making the expenditures identified in the Plan**  
22 **to help fulfill the approved energy efficiency program goals?**

1 A. MidAmerican does anticipate making the expenditures identified in the five-year  
2 Plan. MidAmerican currently provides Board-approved energy efficiency  
3 measures, as outlined in the Plan, to its customers and will continue to do so  
4 through the entire five-year period the Plan is in effect. MidAmerican will also  
5 endeavor to hit the annual expenditure targets during the five-year period the Plan  
6 is in effect. Because participation is not completely controllable, it is expected  
7 participation, savings, and expenditures in some years will over-perform and in  
8 other years will underperform relative to the goal.

9 Fehr Exhibit \_\_ (MCF-1), Schedule 3 provides a program-by-program  
10 description of the MidAmerican Plan's electric budget and planned electric  
11 savings for 2014, the first year of the current Plan approved in Docket No. EEP-  
12 2012-0002. Schedule 3 demonstrates MidAmerican's ongoing commitment to  
13 meaningful and substantial energy efficiency and demand management efforts.

14 **Q. How do expenditures for calendar year 2013 for electric customers compare  
15 with the level budgeted in MidAmerican's previous Energy Efficiency Plan?**

16 A. First, I would note that 2013 expenditures for electric customers were for  
17 implementation of MidAmerican's electric Energy Efficiency Plan for the period  
18 2009 – 2013 ("Previous Plan"), which was approved by the Board in Docket No.  
19 EEP-08-02. MidAmerican's actual 2013 Previous Plan expenditures of  
20 \$64,644,394 exceeded its budget for electric customers by \$9,991,394 (18%) for  
21 the year 2013. In Fehr Exhibit \_\_ (MCF-1), Schedule 3, I have also provided an  
22 electric energy efficiency program-by-program comparison of MidAmerican's  
23 actual Previous Plan expenditures vs. budget for 2013. I believe this clearly

1 demonstrates that MidAmerican effectively implemented the Previous Plan. This  
2 point is further demonstrated by the fact that MidAmerican has had actual  
3 Previous Plan expenditures of \$245,285,540, or 101% of the budgeted amount for  
4 electric customers, in the years 2009-2013. This has resulted in electric savings,  
5 between 2009 and 2013, of some 1,167,162,105 kWh, or 85% of overall planned  
6 electric savings for the period, and has shaved MidAmerican's peak load, between  
7 2009 and 2013, by approximately 540 MW (which is approximately 110% of the  
8 goal). The foregoing results are substantial given the fact that the years 2009-2013  
9 encompass an economic downturn in the U.S. that is the most significant one  
10 since the Great Depression. This has been a period of time when it has been  
11 difficult to persuade customers to invest in energy efficiency measures.

12 **Q. Does this conclude your pre-filed direct testimony?**

13 **A.** Yes, it does.

