

OFFICE OF CONSUMER ADVOCATE

DIRECT TESTIMONY

OF

FRANK BODINE

**IN RE: BLACK HILLS/IOWA GAS UTILITY COMPANY, LLC
d/b/a BLACK HILLS ENERGY**

DOCKET NO. EEP-2013-0001

June 27, 2013

1 **Q: Please state your name, occupation and business address.**

2 A: My name is Frank Bodine. I am a Utility Specialist at the Office of Consumer
3 Advocate. Our office is located at 1375 East Court Avenue, Room 63,
4 Des Moines, Iowa 50319-0063.

5 **Q: Will you please state briefly your qualifications?**

6 A: I graduated from Lincoln University in 1975 with a Bachelor of Science degree
7 in Economics, from the University of Missouri in 1979 with a Master of Arts
8 degree in Economics, and from the University of Southern California in 1989
9 with a Master of Science degree in Management. I was employed by the
10 Institute for Energy Analysis in Oak Ridge, Tennessee as a Research Associate
11 from June 1979 to September 1982. My duties included the research and
12 analysis of energy related topics such as industrial energy use and conservation
13 potentials, state/federal cooperative data projects, and the production,
14 distribution and consumption of natural gas and electricity. After that I was
15 employed by the state of Illinois as a Senior Natural Gas Analyst at the Illinois
16 Department of Energy and Natural Resources. I was also employed by the
17 Illinois Commerce Commission, holding several positions and working on
18 topics such as rate design, class cost of service studies, telecommunications, and
19 economics issues. During a portion of that time period, I was an instructor in
20 the Business and Economics Department at Lincoln Land Community College,
21 Springfield, Illinois. After the State of Illinois, I worked for Quantitative
22 Solutions Incorporated, a consulting firm dealing mainly with

1 telecommunications. In 2002, I started work with the Iowa Utilities Board as
2 the Manager of the Policy Development Section, and in 2010, I became
3 employed by the Office of Consumer Advocate (OCA).

4 **Q: What is the purpose of your testimony?**

5 A: My testimony addresses Black Hills/Iowa Gas Utility Company, LLC d/b/a
6 Black Hills Energy's (BHE or Company) School-Based Energy Education
7 program, the Trees program, the Company's proposal for a state-wide technical
8 reference manual (TRM), and the Company's overall coordination and
9 marketing of its programs. Before discussing the BHE specific programs, I will
10 review the outreach and education portion of the OCA led collaborative effort.

11 **Q: Please discuss the collaborative efforts for outreach and education.**

12 A: The OCA has led a collaborative energy efficiency effort under the existing
13 utility plans. A part of this effort has been the Outreach and Education
14 workgroup. The workgroup had numerous meetings over the past few years that
15 have given participants a forum to discuss new ideas, reports, and energy
16 efficiency efforts. These efforts have raised awareness of the work of others and
17 provided a mechanism for input regarding ongoing efforts and for planned
18 efforts. The group also produced a short document highlighting the key features
19 and best practices of community-based projects as shown on OCA
20 Exhibit__(FB-1), Schedule A. The key features of successful community-based
21 projects identified by the group included the use of local experts, key decision
22 makers, and local groups. Use of local resources tends to make the utilities

1 programs more effective and increase consumer awareness and interest. A good
2 example of this is the community-based energy efficiency program, “Green
3 Iowa AmeriCorps”. Groups or organizations such as this present an excellent
4 opportunity for Black Hills to grow existing programs and develop new ones.

5 **Q: What is your recommendation regarding the collaborative efforts of the**
6 **Outreach and Education workgroup?**

7 A: For the immediate future, there appear to be continuing opportunities to discuss
8 and develop strategies for school-based energy education, community-based
9 energy efficiency efforts, and programs centered on behavioral change. Because
10 of the opportunities provided by the collaboration to assist in the development of
11 these programs and to assist in identifying barriers to existing programs, I
12 recommend the Outreach and Education collaborative efforts continue.

13 **Q: Please discuss Black Hills’ School-Based Energy Education Program.**

14 A: BHE’s School-Based Energy Education Program targets children in fifth
15 through eighth grades and their households. Although the program provides key
16 resources for teachers and reports high levels of satisfaction, the program could
17 benefit from more promotion of the participating teachers and the impacts from
18 the program.

19 The Outreach and Education collaborative efforts identified K-12 energy
20 education as an important area of needed development in Iowa. Some of the
21 suggested methods centered on competition between classes or schools, and
22 behavioral change programs. BHE should take these suggestions and the

1 findings of educational studies to find ways to improve or build upon these
2 programs so that the impacts on other programs grow. In addition, the
3 Company should promote the successes of the program and recognize the
4 teachers and schools involved so that the teachers and schools will continue to
5 be involved and generate the interests of other schools and teachers.

6 **Q: Please discuss Black Hills' Trees Program.**

7 A: Black Hills provides two tree-planting programs. The first program, Trees
8 Forever, is operated by a non-profit organization of the same name. Trees
9 Forever encourages and provides support for community-based tree planting
10 efforts. The organization emphasizes energy efficiency and conservation, but it
11 offers no requirements regarding where to plant trees in order to provide shade
12 or a wind-block for the home or other structure. The Iowa Department of
13 Natural Resources manages the second program, "Trees for Kids/Teens," by
14 working with youth to teach them about the importance of tree planting. There
15 is an education component in the program, but similar to the first program, it
16 offers no requirements regarding where to plan trees so that they provide shade
17 or a wind-block for buildings. A large portion of the funds allocated for the tree
18 planting programs are for the purchase of trees. The fact that a large portion of
19 the funds in these programs are allocated to this type of customer incentive does
20 not cause concern, but the fact that most of these expenditures are for
21 landscaping that is not tied to energy efficiency is problematic. Funds collected
22 from ratepayers for energy efficiency programs should relate to the topic at

1 hand, not to landscaping or the development of customer goodwill. Black Hills
2 needs to make sure the funds are spent for energy efficiency purposes such as
3 shade for the home or school and to integrate appropriate energy efficiency-
4 based tree planting programs and options in Black Hills' existing programs (*e.g.*,
5 New Home Construction). If not, the tree programs should not be part of Black
6 Hills' energy efficiency programs and plans.

7 **Q: Do you have any concerns regarding BHE's overall expenditures on**
8 **marketing and training?**

9 A: Yes, I do. BHE, like other utilities, has the on-going problem of lack of
10 customer awareness of its programs and customer interest in energy efficiency.
11 BHE states that it is becoming more difficult to achieve energy efficiency
12 savings, but they have not increased marketing and training budgets by a
13 significant amount from their last plan to help overcome this barrier. In fact, for
14 the Residential Prescriptive Program they have decreased the marketing and
15 training budget significantly. If current overall goals are to be maintained or
16 more aggressive goals are to be achieved, the company will need to increase its
17 efforts, not decrease them.

18 The Residential Prescriptive Program is very important to BHE's overall
19 energy efficiency efforts and the Company has stated in their plan (page 32 of
20 the Natural Gas Energy-Efficiency Plan, 2014-2018) is actively exploring
21 developing a comprehensive trade ally program to support the various parts of
22 the Residential Prescriptive Program. By decreasing the proposed marketing

1 and training budget from the existing plan by more than half will make it
2 difficult to achieve their overall goals as well as developing a trade ally
3 program.

4 **Q: What is your recommendation regarding the Company's overall marketing**
5 **and training budget and the marketing and training budget for the**
6 **Residential Prescriptive Program?**

7 A: I recommend that the Company increase its marketing and training efforts to
8 help overcome the on-going barrier of customer awareness in energy efficiency
9 and the Company's programs. For the Residential Prescriptive Program, I
10 recommend that, at a minimum, the Company maintain its current efforts and if
11 possible, increase their expenditures on marketing and training.

12 **Q: Do you have other concerns regarding BHE's overall energy efficiency**
13 **efforts?**

14 A: Yes. Several functions or tasks such as incentives, advertising, and program
15 administration are common to several programs. These common areas represent
16 a learning opportunity and a chance to capture synergies. Within each program,
17 some efforts are more successful than others are, (these efforts are discussed in
18 the testimony of other OCA witnesses), and there are lessons learned that could
19 be transferred to other programs. For example, the advertising or other
20 marketing function might be very successful in one program and BHE could
21 apply those strategies and lessons learned in other programs. BHE recognizes
22 this and refers to cross-functional teams, an excellent programmatic strategy.

1 However, BHE needs to make sure that staff involved in these common areas or
2 functions discuss these efforts on a frequent basis. Meetings or calls that focus
3 on these functions will benefit all programs while highlighting successes and
4 avoiding the pitfalls encountered elsewhere. This type of effort is very similar to
5 the one used in the collaborative efforts mentioned earlier but would be used by
6 BHE, its partners and trade allies to achieve company and programs specific
7 improvements.

8 In addition, there are opportunities for one program to build upon the
9 efforts of another and additional opportunities to integrate the efforts of some
10 programs. This type of coordination would work well as a part of a
11 comprehensive marketing plan. Examples of such an opportunity include
12 community efforts or other behavioral programs that not only motivate the
13 customer to participate in various energy efficiency efforts, but also encourage
14 them to engage their friends and neighbors to do the same.

15 As part of BHE's focus on current community based efforts, I
16 recommend the Company continue to engage locally based groups similar to
17 Green Iowa AmeriCorps or Winneshiek Energy District to advance some of
18 their energy efficiency efforts. BHE's willingness to cooperate with these local
19 groups is commendable. These groups have local leaders and influential experts
20 available or on their staff to assist in generating interest and the implementation
21 of the programs. These are key features of successful local programs mentioned
22 earlier and BHE should take advantage of these resources.

1 **Q: Does this conclude your testimony?**

2 **A: Yes, it does.**

STATE OF IOWA)
) **SS: AFFIDAVIT OF FRANK BODINE**
COUNTY OF POLK)

I, Frank Bodine, being first duly sworn on oath, depose and state that I am the same Frank Bodine identified in the foregoing Direct Testimony; that I have caused the foregoing Direct Testimony to be prepared and am familiar with the contents thereof, and that the foregoing Direct Testimony as identified therein is true and correct to the best of my knowledge, information and belief as of the date of this Affidavit.

/s/ Frank Bodine
Frank Bodine

Subscribed and sworn to before me, A Notary Public, in and for said County and State, this 27th day of June, 2013.

/s/ Craig Graziano
Notary Public

My Commission expires: June 14, 2014.