

BEFORE THE CORPORATION COMMISSION OF OKLAHOMA

IN THE MATTER OF THE APPLICATION OF)
OKLAHOMA GAS AND ELECTRIC COMPANY)
FOR AN ORDER OF THE COMMISSION)
APPROVING THE COMPANY'S 2016 DEMAND)
PORTFOLIO AND AUTHORIZING RECOVERY)
OF THE COSTS OF THE DEMAND PROGRAMS)
THROUGH THE DEMAND PROGRAM RIDER)

CAUSE NO. PUD 201500247

FILED
OCT 09 2015

COURT CLERK'S OFFICE - OKC
CORPORATION COMMISSION
OF OKLAHOMA

Rebuttal Testimony

of

B. Dean Pollock

on behalf of

Oklahoma Gas and Electric Company

October 9, 2015

B. Dean Pollock
Rebuttal Testimony

1 Q. **Please state your name, position, by whom you are employed and business address.**

2 A. My name is Dean Pollock and I am the Sr. Manager of Customer Program Support for
3 Oklahoma Gas and Electric Company ("OG&E" or "Company"). My business address is
4 321 N. Harvey, Oklahoma City, Oklahoma 73102.

5

6 Q. **What is the purpose of your rebuttal testimony?**

7 A. My testimony responds to the portfolio modifications recommended by PUD witness
8 Kathy Champion and responds to the Oklahoma Attorney General's witness Ed Farrar
9 about why SmartHours was not included in the 2016 Demand Portfolio.

10

2016 DEMAND PORTFOLIO

11

12 Q. **Please summarize Ms. Champion's position regarding the Company's 2016 Demand**
13 **Portfolio.**

14 A. In general, Ms. Champion agrees with the Company's proposed Demand Portfolio but
15 makes several recommendations for modifications to the 2016 Demand Portfolio
16 programs. Ms. Champion recommends that OG&E enhance its EM&V process, re-
17 evaluate its program staffing levels, add additional training and reporting, and increase
18 the amount spent on the total portfolio of projects. Her recommendations are based on the
19 2014 Oklahoma Demand Program Evaluation Report prepared by Applied Energy Group
20 ("AEG").

21

22 Q. **Please explain AEG's role as the evaluation, measurement and verification**
23 **("EM&V") contractor.**

24 A. AEG is tasked with auditing the process and impact of demand programs. Their role is to
25 verify the energy and/or demand savings through various evaluation and measurement
26 techniques. Part of the EM&V Annual Savings Report includes recommendations for
27 process or impact improvements to enhance energy savings. Recommendations are
28 included in every annual report.

1 Q. **Does the Company take any action on the recommendations listed in the year-end**
2 **evaluation report from its EM&V contractor?**

3 A. Yes. OG&E conducts a review of all recommendations each year from its EM&V
4 contractor and develops responses or corrective actions, when applicable, to address the
5 process or impact to its programs. The recommendations are then evaluated for costs and
6 practicality to determine whether they should be implemented.

7
8 Q. **What specific recommendations from AEG's annual EM&V report does Ms.**
9 **Champion have regarding the proposed portfolio?**

10 A. Ms. Champion lists several recommendations for the OG&E 2016 Demand Portfolio:

- 11 • **Enhanced EM&V:** Ms. Champion recommends a more robust review of calculations
12 and algorithms for use in energy savings estimates and recommends better data entry
13 quality control, screening of data before entry into the tracking database, and manual
14 checks to review data.
- 15 • **Staffing:** AEG noted C&I program performance was affected by lack of manpower;
16 consequently, OG&E increased third party implementation efforts to provide support
17 and expertise. Ms. Champion recommends that OG&E continue to monitor programs
18 and take action as necessary to enhance performance.
- 19 • **Contractor/Partner training:** Recommends we include training for builders, HVAC
20 companies, lighting companies, and weatherization contractors.

21
22 Q. **Regarding EM&V, does the Company conduct a robust review of the calculations**
23 **and algorithms used to develop program savings?**

24 A. Yes. OG&E's program design contractor develops the programs for a three-year cycle
25 and conducts a robust review of all current energy efficiency measure calculations,
26 algorithms, and engineering studies used to estimate energy savings. During the DPR
27 cycle, updated and refined studies or estimates that produce different savings calculations
28 and/or algorithms are applied to determine actual energy savings. For instance, a
29 Technical Reference Manual, often used as a source document for deemed savings
30 values, is updated every year during the fall. The updated deemed savings values will
31 produce different energy savings compared to the energy savings when the programs

1 were designed. Other conditions such as opt-out rates and net to gross factors can change
2 the outcome of expected savings from year to year. OG&E takes issue with the
3 characterization that it is not rigorous in its review of savings calculations. OG&E
4 continues to make every effort to ensure updated and correct calculations/algorithms are
5 used when estimating energy savings that result from successful program
6 implementation.

7
8 **Q. Has the Company addressed the data quality issues raised by Ms. Champion?**

9 **A.** Yes. The Company has refined many processes to ensure data quality is checked at
10 various stages and has eliminated the process issues surfaced by the EM&V contractor.
11 To help solve outstanding technology issues, the Company recently issued an RFP for a
12 database designed specifically for the tracking and reporting of demand programs in the
13 DPR.

14
15 **Q. Regarding Ms. Champions staffing recommendations, does the Company plan to**
16 **monitor program performance and adjust staffing as it relates to participation**
17 **and/or performance issues?**

18 **A.** Yes. The Company plans to continue to monitor the performance of all demand programs
19 as it has done in the past. The Company believes it is better to be flexible on the front end
20 of the program cycle and adjust to needed staffing levels later based on work performed.
21 From past monitoring efforts, OG&E was able to determine the need to adjust staffing
22 and include the use of third party implementers.

23
24 **Q. Does the Company train contractors and program partners?**

25 **A.** Yes. The Company has and will continue its training program to train and educate
26 contractors and partners in its energy efficiency efforts. In addition to OG&E sponsored
27 training, third party implementers also conduct various training/education for their sub-
28 contractors and partners on the specifics of the programs they are implementing.

1 Q. **What other recommendations did Ms. Champion make regarding the 2016 Demand**
2 **Portfolio?**

3 A. Ms. Champion recommended including a summary report of the R&D projects with the
4 submission of the Demand Program Annual Report. In addition, Ms. Champion
5 recommends that OG&E continue to report the results from the SmartHours program in
6 the Annual Demand Programs Report. Finally, Ms. Champion recommends OG&E
7 increase its proposed portfolio budget to the cap of \$2.50 program cost per average
8 monthly residential bill.

9
10 Q. **Does OG&E include a summary report of the R&D projects with the submission of**
11 **the Demand Program Annual report?**

12 A. Yes. OG&E has and will continue to include a summary report of the R&D projects for
13 the R&D project(s) in 2015 and for the R&D projects in the proposed portfolio as
14 required by OAC 165:35-41-7(23).

15
16 Q. **Does OG&E agree with Ms. Champion's recommendation to report the results of**
17 **the SmartHours program in the Annual Demand Program Report?**

18 A. OG&E believes the Demand Program rules are specific to programs that are part of the
19 most current demand portfolio approved for cost recovery through the DPR. OG&E
20 agrees to provide the results of the SmartHours program and proposes a final report on
21 SmartHours be submitted outside of the Annual Demand Program Report.

22
23 Q. **What is the Company's reaction to increased residential program funding to the**
24 **cost cap?**

25 A. OG&E participated in the rulemaking proceedings that increased the cost cap from \$1.90
26 per average residential monthly bill to \$2.50. OG&E's proposed portfolio gradually
27 increases program costs over its three-year life rather than reaching the cost cap in the
28 first year of the cycle. In the third year of the proposed portfolio, program costs reach
29 \$2.46, just shy of the cap. While the Company agrees with and supports the goals of
30 energy efficiency efforts to reduce energy usage and extend the timing of large
31 expenditures for capacity, OG&E supports mitigating customer impact to achieve both

goals over the three-year period for this demand portfolio. OG&E anticipates the Demand Program Portfolio for the years 2019 – 2021 would reach the \$2.50 cap in each year.

SMARTHOURS PROGRAM

Q. Please explain why OG&E did not include SmartHours in its 2016 Demand Portfolio.

A. As stated in my direct testimony, OG&E achieved the participation goals set for the SmartHours program. OG&E plans to continue to offer SmartHours to all customers that qualify and to sustain current levels of participation..

Q. What concerns did Mr. Farrar raise regarding removing SmartHours from the Demand Portfolio?

A. Mr. Farrar is concerned that without a robust SmartHours program, OG&E will lose the opportunity to reduce future capacity needs through this program. Mr. Farrar is also concerned that thermostats will no longer be part of the program which would discourage participation.

Q. What is your response to Mr. Farrar's recommendation to continue to the thermostat replacement program?

A. OG&E plans to continue offering SmartHours to maintain the program at its current level; which includes the promotion and installation of thermostats. The SmartHours program has been very successful in attaining goals and will continue to play an important role in managing peak capacity.

Q. Do you agree with Mr. Farrar's characterization that SmartHours should be revenue neutral to the Company?

A. Yes. In this context Mr. Farrar refers to recovery of lost net revenues for the SmartHours program. This removes the financial disincentive to the Company to provide the program. The SmartHours program and all energy efficiency or demand response programs should be beneficial to ratepayers and to the utility.

1 Q. **What is your response to Mr. Farrar's recommendation regarding consumer**
2 **education for SmartHours?**

3 A. OG&E plans to continue its customer education for SmartHours even though it is not part
4 of the current Demand Portfolio. Education and promotion will still be necessary to
5 maintain the program at its current level.
6

7 Q. **What are your recommendations to the Commission?**

8 A. OG&E recommends that the Commission accept the 2016-2018 Demand Program
9 Portfolio as filed. OG&E will continue, as requested in Ms. Champion's testimony, to
10 improve upon all aspects of program implementation including those recommendations
11 made by OG&E's EM&V contractor where appropriate.
12

13 Q. **Does this conclude your testimony?**

14 A. Yes.