REBUTTAL TESTIMONY OF

W. KELLER KISSAM

ON BEHALF OF

SOUTH CAROLINA ELECTRIC & GAS COMPANY

DOCKET NO. 2016-223-E

Q. PLEASE STATE YOUR NAME FOR THE RECORD.

A. I am W. Keller Kissam.

Q. ARE YOU THE SAME W. KELLER KISSAM WHO HAS PREVIOUSLY PROVIDED PRE-FILED DIRECT TESTIMONY IN THIS DOCKET?

A. I am.

Q. WHAT IS THE PURPOSE OF THIS REBUTTAL TESTIMONY?

A. The purpose of my rebuttal testimony is to respond to certain points made in the pre-filed direct testimony of Ms. Alice Napoleon on behalf of the Coastal Conservation League of South Carolina.

Q. HAS SCE&G ALSO MOVED TO STRIKE THE DIRECT TESTIMONY OFFERED BY MS. NAPOLEON?

A. Yes. South Carolina Electric & Gas Company (“SCE&G” or “Company”) has moved before the Public Service Commission of South Carolina (“Commission”) to strike Ms. Napoleon’s testimony from the record of this proceeding as irrelevant for the reasons set forth in SCE&G’s motion. That motion, however, has not been decided as of the due date for the Company to
file its rebuttal testimony. Accordingly, the filing of my rebuttal testimony is intended to protect the record in this proceeding and is not intended to waive or withdraw the motion to strike.

Q. DO YOU AGREE WITH MS. NAPOLEON’S TESTIMONY THAT SCE&G’S CURRENT ENERGY EFFICIENCY PROGRAMS ARE HIGHLY COST EFFECTIVE?

A. Yes. Designing and implementing energy efficiency programs are both a science and an art. Performing research, conducting studies, and detailing applicable costs associated with such programs implemented by utilities, or other private sector entities, is certainly a necessary aspect of designing and monitoring the effectiveness of energy efficiency programs. However, as the Company’s programs have evolved, one reality that has become evident is that focusing primarily on research, program design, and studies drains dollars from the actual programs that are adopted by customers and that lead to real energy efficiency and conservation. It is important to maintain a balance between constant study and research and real-world experience.

The best and most cost-effective information we have comes through healthy customer interaction that is continuous and occurs on many levels. Local representatives engage with customers on a regular basis in person or by telephone. In addition, our linemen, electricians, and service representatives are constantly in the field, interacting with customers in their homes and businesses. In many cases, they are the Company’s best gatherers of information within our
service territory. Couple this interaction with the Company’s Home Energy Check-ups and Neighborhood Energy Efficiency Programs, and the Company develops a genuine sense of what matters to our customers and a feel for what drives their decision-making. We are privileged to have this level of interaction. It is the most important source of information we have for evaluating the effectiveness and acceptance of the Company’s energy efficiency program. Educating our customers and being educated by our customers in a direct and personal manner is of great benefit to our Company and provides the foundation of our energy efficiency effort.

Q. HAS THIS INTERACTION WITH CUSTOMERS CREATED OPPORTUNITIES BEYOND JUST ENERGY EFFICIENCY EFFORTS?

A. Yes. As a result of Act 236 and subsequent establishment of Distributed Energy Resource programs, the Company has utilized customer feedback and experiences to establish effective programs that may be a departure from such programs utilized by utilities in other states. For example, customer feedback regarding out of state vendors placing rooftop solar on shaded homes, encouraging customers to enter into expensive leasing programs, and being misled with promises of totally eliminating their electric bill highlighted the wisdom of the Company’s decision to evaluate and promote a community solar format. In addition, the Company produced a consumer protection fact sheet at the request of the Columbia Urban League that has been shared with numerous non-profits and other entities that focus upon assistance to our most vulnerable
customers. The Company, whether restoring service in the event of a natural
disaster or producing new programs related to energy efficiency or renewables,
enjoys a symbiotic relationship with its customers. This relationship of trust has
been built over a century of delivering an essential product in a reliable manner.

Q. WITH RESPECT TO ENERGY EFFICIENCY ARE THERE OTHER
ESTABLISHED METHODS WHEREBY THE COMPANY RECEIVES
FEEDBACK IN ESTABLISHING ITS PROGRAMS?

A. Yes. The Company, as required by Order No. 2010-472, has established
an energy efficiency advisory group. At a minimum, this group consists of
representatives from the South Carolina Office of Regulatory Staff (“ORS”), the
Coastal Conservation League, the South Carolina Small Business Chamber of
Commerce, and representatives from both low income and industrial sectors.
The group typically meets twice a year in order to evaluate the effectiveness and
efficiency of energy efficiency programs. This review and subsequent feedback,
coupled with customer feedback, are critical to the establishment, maintenance,
and amending of energy efficiency programs for the Company.

Q. DO YOU AGREE WITH MS. NAPOLEON’S RECOMMENDATIONS
CONTAINED IN HER TESTIMONY REGARDING THE OVERALL
INTENT OF THE COMPANY’S ENERGY EFFICIENCY PROGRAMS?

A. I certainly agree with Ms. Napoleon that the Company’s energy
efficiency programs benefit customers. I am personally involved in the details
of several programs as they relate to educating our customers and exposing them
to internal expertise allowing them to make informed decisions regarding energy
use and conservation. I am proud the Company reorganized personnel regarding
renewables and energy efficiency, for both areas function to allow our customers
to evaluate various alternatives with regards to the personal decisions that result
from the economics of opportunities made available to them by the Company.

Q. DO YOU AGREE WITH MS. NAPOLEON’S RECOMMENDATIONS
REGARDING THE RE-ESTABLISHMENT OF PROGRAMS,
CREATION OF PROGRAMS, OR PERFORMING VARIOUS STUDIES
TO ENHANCE ENERGY EFFICIENCY OFFERINGS?

A. I do not. Although I respect Ms. Napoleon’s research and subsequent
recommendations, the key for the Company’s programs, in my opinion, is to
maintain a balance between program offerings and the cost of such programs as
they impact rates. When I was given responsibility for the Company’s energy
efficiency organization, my first recommendation to the organization was to
receive feedback, create effective programs, educate customers, promote
customer adoption, and have those programs live within the existing annual
allocation of energy efficiency costs already embedded within the Company’s
electrical rates.

I am proud that my team accomplished these objectives. They focused
dollars on programs - not consultants, not studies. They became very visible in
the communities we serve and utilized customer feedback to establish effective
programs for our service territory that were balanced and reasonable based upon
our customers’ needs and preferences; not national trends and studies. In addition, Ms. Napoleon recommends increasing marketing and advertising with the belief that such activities will increase adoption of energy efficiency programs in the Company’s service territory, once again, with consultants being paid to perform studies. She advocates diverting dollars to third party vendors as opposed to programs that benefit customers.

Q. DO YOU AGREE WITH THE SPECIFIC RECOMMENDATIONS MS. NAPOLEON MAKES REGARDING SPECIFIC PROGRAMS?

A. No. For example, Ms. Napoleon does not favor modifications we have made to the Energy Star Lighting program and how they have contributed, she says, to a decline in energy savings. She recommends we reinstitute the former program whereby the Company paid retailers to discount various bulbs and fixtures. This wholesale type of approach provided no assurance that the purchasers of these bulbs were SCE&G customers. They could be served by other investor-owned utilities or electric cooperatives or simply been traveling through South Carolina. I firmly believe that the Company’s customers should in no way subsidize discounts without a reasonable assurance that these energy efficiency bulbs were being plugged into the Company’s electric system. Thus, the Company changed its program to an on-line retail store and provided opportunities to purchase bulbs at its business offices.

This is an example where studies can be misleading. If one were simply to count the number of bulbs sold and make certain assumptions regarding the
bulbs to be replaced, then energy efficiency savings would equal a certain amount. However, it was hard to calculate how many of the bulbs were staying on the Company’s system and how many were being installed elsewhere. If the Company’s customers are subsidizing such a program, then it is certainly a reasonable expectation that sales be limited in a way that ensures that installations are occurring on the Company’s electrical system.

In addition, Ms. Napoleon recommends reinstating the Energy Star New Homes Program and the Home Performance with Energy Star. We terminated the programs because we did not see the need for the Company, as a utility, to duplicate efforts that home builders and appliance dealers were making regarding energy efficiency anyway. A study, as suggested by Ms. Napoleon, is not necessary when one can go home at night and see commercials on television or read inserts in the newspaper regarding a variety of trade name energy efficiency programs utilized by such businesses to enhance their products and service to potential customers. If the market is already providing such programs and advertising strongly to support them, then it is not reasonable or necessary to have the Company’s customers subsidize such duplication.

Finally, Ms. Napoleon recommends changes to the Company’s Neighborhood Energy Efficiency Program (“NEEP”). Once again, she requests more data as it relates to determining specific income levels of the individuals participating in these programs. She then recommends modification of NEEP offerings to achieve deeper energy savings.
Having personally participated in numerous NEEP neighborhood meetings, I can confirm the Company receives its biggest turn-outs in South Carolina’s persistent poverty counties and that the participants are overwhelmingly economically challenged families and individuals. The Company is not limiting its offerings to the customers to low cost options, as suggested by Ms. Napoleon. Our approach is to lead with education and basic energy savings opportunities, then to offer sign-up for a home visit to explore additional opportunities on a customer specific basis. The approach builds trust with the customer and the customer’s community first. It then moves the customer, where practical, to more involved programs.

I am very pleased with the Company’s NEEP program. I view it as an educational opportunity to plant a seed in the correct manner and then give our customers an opportunity to have a home visit by one of our trained energy efficiency personnel to explore greater opportunities. In addition, the Company, at no cost to its customers, has begun aligning other philanthropic efforts around NEEP. An example of this is Cocky’s Reading Express, which is now a part of our neighborhood meetings. Parents are encouraged to bring their children to the meetings, and while the parents receive information related to energy efficiency, I read the children a book, preferably on environmental stewardship, while the University of South Carolina mascot acts it out (Cocky does not speak). In the end, each child is presented with a brand new book such as Mrs.
Fox’s Class Goes Green and encouraged to read every day. Thus, the synergy of NEEP is education – centered on energy efficiency and beyond.

Q. DO YOU HAVE ANY OTHER INFORMATION REGARDING THE COMPANY’S ENERGY EFFICIENCY PROGRAM?

A. Yes. In Docket No. 2013-208-E in Order No. 2013-826, the Commission, in conjunction with a Settlement Agreement (Order Exhibit No. 1), approved the continuation of the Company’s demand side management program for a period of six years, and the Company is fulfilling our commitment to the Commission, ORS, and our customers. In its order the Commission recognized the programs as “affording consumers an opportunity to manage their electricity consumption.” In addition, the Commission recognized the need to allow the Company both authority and flexibility to modify or terminate programs “based upon evolving market conditions and information.” Finally, the Commission found “the Advisory Group is reasonable and in the public interest and directs SCE&G to maintain and continue the Advisory Group as it has been established and implemented.”

I am very proud of the employees within the Company’s Renewables and Demand Side Management group. Programs are of little consequence if they are not delivered by passionate people with an intimate knowledge of customers. In addition, they fully understand that their daily efforts must strike a balance between effective programs and impacts to all customers. Our programs are structured and delivered in this way.
Q. DOES THIS CONCLUDE YOUR REBUTTAL TESTIMONY?

A. Yes it does.