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December 4, 2009

VIA EMAIL AND HAND DELIVERY

Chairman Sara Kyle
c/o Ms. Sharla Dillon
Tennessee Regulatory Authority
460 James Robertson Parkway
Nashville, Tennessee 37243

filed electronically in docket office on 12/04/09

Re: **Petition of Piedmont Natural Gas, Inc. for Approval of Service Schedule
No. 317 and Related Energy Efficiency Programs**
Docket No. 09-00104

Dear Chairman Kyle:

Enclosed please find an original and five (5) copies of Piedmont Natural Gas, Inc.'s Pre-Filed Direct Testimony of Steve Lisk for filing in Docket No. 09-00104. An electronic copy of the filing has also been transmitted electronically to the Tennessee Regulatory Authority Docket Manager, Sharla Dillon. Please stamp one copy as "filed" and return to me by way of our courier.

Should you have any questions concerning any of the enclosed, please do not hesitate to contact me.

Sincerely,



Erin M. Everitt

Enclosures

cc: Hon. Mary Freeman (*w/o enclosure*)
Hon. Eddie Roberson, Ph.D. (*w/o enclosure*)
Hon. Kenneth C. Hill (*w/o enclosure*)
Ryan McGehee, Esq.
James H. Jeffries, Esq.

**Before the
Tennessee Regulatory Authority**

Docket No. 09-00104

**Petition of Piedmont Natural Gas Company, Inc.
to Implement a Margin Decoupling Tracker (MDT)
and Related Energy Efficiency and Conservation Programs**

**Testimony
of
Steve Lisk**

**On Behalf Of
Piedmont Natural Gas Company, Inc.**



December 4, 2009

1 **Q. Mr. Lisk, please state your name and business address.**

2 A. My name is Steve Lisk. My business address is 4720 Piedmont Row Drive,
3 Charlotte, North Carolina.

4 **Q. By whom and in what capacity are you employed?**

5 A. I am employed by Piedmont Natural Gas Company, Inc. ("Piedmont") as
6 Manager of Market Development and Technical Services.

7 **Q. Please describe your educational and professional background.**

8 A. I earned a B.S. in Mechanical Engineering from North Carolina State
9 University in 1985 and have more than 25 years in the energy and related
10 industry experience. I worked 3 years as an intern in commercial power
11 marketing for Duke Power Company (Duke Energy) while working on my
12 engineering degree. In 1986 I was employed as a staff engineer by
13 Livingston and Haven, a private industrial fluid power company. In 1993, I
14 was a partner in a start up company Industrial Automation Components. I
15 began employment with Piedmont in 1999 as a Technical Marketing
16 Engineer and was promoted to Manager of Market Development and
17 Technical Services in 2008.

18 I am a registered Professional Engineer in North Carolina and a Certified
19 Energy Manager. I am a member of the American Society of Heating
20 Cooling and Refrigeration Engineers (ASHRAE) serving as a local chapter
21 past president and board member. I serve in several gas industry
22 associations including the Southern Gas Association, American Gas
23 Association, as a board member of the Energy Solutions Center and

1 represent Piedmont's research and development interest with the Gas
2 Technology Institute the natural gas industry research center.

3 **Q. Please describe the scope of your present responsibilities for Piedmont.**

4 A. I am responsible for Piedmont's energy and gas technology support services.
5 This includes energy efficiency programs, gas technology research and
6 development, and industry code development.

7 **Q. Mr. Lisk, have you previously testified before the Tennessee Regulatory**
8 **Authority or any other regulatory authority?**

9 A. No.

10 **Q. What is the purpose of your testimony in this proceeding?**

11 A. The purpose of my testimony is to describe and support the proposed energy
12 efficiency programs filed by Piedmont in this proceeding. Specifically, my
13 testimony relates to Issue 5 established by the Hearing Officer in this
14 proceeding – "Should Piedmont be required to meet specific, verifiable,
15 measurable energy efficiency goals and/or benchmarks for any approved
16 conservation programs."

17 **Q. Could you please describe the energy efficiency programs Piedmont has**
18 **proposed for implementation in its Petition in this proceeding?**

19 A. Yes. Piedmont has proposed three energy efficiency programs for
20 implementation in Tennessee. These programs are:

- 21 (1) Residential Low-Income program
22 (2) High Efficiency Equipment Rebate program
23 (3) Customer Education Program.

1 Each of these programs are described in Exhibit B to Piedmont's Petition in
2 this proceeding but I will briefly describe them here as well. The
3 Residential Low-Income program is designed to provide energy efficiency
4 measures and weatherization assistance to low income residential customers
5 in Piedmont's service territory. Piedmont's program is modeled after the
6 United States Department of Energy's Federal Weatherization Assistance
7 program. The target population for this program is low-income residential
8 customers whose annual income is within 200% of the federal poverty level.
9 The target expenditures under the program are \$1,500 to \$3,500 per
10 residence. Piedmont has experience operating this type of program in North
11 Carolina and the results of the program have included more energy
12 efficiency structures for low income customers and reduced home heating
13 (and air-conditioning) bills. Piedmont proposes to spend \$150,000 per year
14 on this program, part of which will be dedicated to the measurement and
15 verification of program results. A more detailed description of the program
16 is attached to our petition as Exhibit B.

17 Piedmont's High Efficiency Equipment Rebate program will provide rebates
18 for the purchase of qualifying high efficiency natural gas appliances. For
19 residential customers, these appliances include high efficiency space and
20 water heating equipment – since those two energy applications make up the
21 highest percentage of residential natural gas usage. In selecting relative
22 efficiency levels for the equipment eligible under the program Piedmont
23 utilized efficiency standards that correlate with "Energy Star" appliances.
24 Piedmont proposes to initially offer rebates in the range of \$50 to \$300 in
25 order to prompt the purchase of higher efficiency equipment but reserves
26 some flexibility to adjust these amounts if necessary. Piedmont proposes to

1 expend \$250,000 a year on this program of which \$190,000 of which will be
2 utilized as rebates and the remainder of which will be expended on program,
3 administration, program communications, and program evaluation,
4 measurement and verification. Piedmont has tested the cost-effectiveness of
5 this program utilizing the industry accepted economic analysis cost/benefit
6 tests established under the California Standard Practice Manual. Both the
7 Total Resource Cost Test and the Utility Cost Test (Program Administrator
8 Test) produced positive results for the program.

9 Piedmont also proposes to offer a Customer Education Program. Under this
10 program, Piedmont will expend \$100,000 on targeted marketing techniques
11 to promote the efficient utilization of energy and also to advise customers of
12 other potential programs available to assist in achieving more efficient
13 utilization of energy by Piedmont's customers. Some program funding may
14 also be used to sponsor energy efficiency and energy conservation education
15 sessions in local schools. The idea behind this program is that the most
16 cost-effective energy efficiency program Piedmont can offer is one where
17 customers undertake the steps necessary to increase the efficiency with
18 which they use natural gas by themselves without any direct subsidy by
19 Piedmont or other ratepayers. Piedmont's experience with similar types of
20 communications programs in North Carolina is that customers respond to
21 these types of messages in a desirable way.

22 **Q. How does Piedmont propose to measure and evaluate these programs?**

23 A. The Equipment Rebate program and Residential Low-Income program will
24 be directly measured and verified, and funds for these functions are built
25 into the program budget. The effectiveness of the Customer Education
26 Program will not be directly measured because Piedmont has no ready

1 means of doing so but Piedmont will survey its target audience under the
2 program to obtain anecdotal indications of effectiveness.

3 **Q. Does Piedmont believe that its proposed energy efficiency programs**
4 **satisfy the criteria of having specific, verifiable, measurable energy**
5 **efficiency goals and/or benchmarks?**

6 A. Yes. The equipment rebate was designed with specific savings estimates for
7 each measure. Those estimates are specific, measureable and verifiable and
8 the basis for determining the program effectiveness. In order to validate the
9 estimates Piedmont Natural Gas plans to utilize a third-party energy
10 consultant to perform the measurement and impact evaluation of the
11 program. The results of those evaluations will be reported accordingly.

12 **Q. Should Piedmont be required to meet specific, verifiable, measurable**
13 **energy efficiency goals and/or benchmarks for any approved**
14 **conservation programs?**

15 A. As a general matter, I would agree with the concept that Piedmont should
16 comply with specific, verifiable, measurable energy efficiency goals and/or
17 benchmarks with respect to the energy efficiency programs it offers but I
18 also believe that a standard has to be applied reasonably and in the context
19 of the specific programs proposed.

20 **Q. What do you mean by that?**

21 A. The objectives of specific energy efficiency programs may vary and may be
22 influenced by multiple variables and an overly strict reading of the standard
23 we are discussing could exclude programs that have desirable traits. In
24 some instances, verification or measurement of the results of a program can
25 be difficult or impossible to achieve, even though the program itself may be
26 desirable and may be effective at reducing energy consumption. Finally,

1 energy efficiency and conservation programs are relatively new to the
2 natural gas utilities in the southeast and market potential analysis and
3 achievable energy efficiency goals are not fully established with which
4 target program goals can be benchmarked.

5 **Q. How should the Authority approach the issue of specific, verifiable,**
6 **measurable energy efficiency goals?**

7 A. The Authority should examine the nature of the program offered, the ability
8 to set specific verifiable goals for the program given its nature, the likely
9 benefits and desired effect of the program, the program cost associated with
10 energy savings goals, the ability to directly measure those benefits and
11 effects, and the impacts of the program on the participants and the citizens
12 of this State as a whole. If an examination of these factors persuades the
13 Authority that the program is likely to provide net benefits to the citizens of
14 this State, then it should be approved.

15 **Q. What should be the Authority's position with respect to reevaluation of**
16 **approved programs?**

17 A. I believe that it is inherent in the operation and approval of energy efficiency
18 programs that they be periodically evaluated. Piedmont's experience has
19 been that the results of energy efficiency programs are not always entirely
20 predictable. Some programs Piedmont has sponsored in North Carolina
21 have been more popular than expected and some programs Piedmont
22 believed would be popular were barely utilized by the public. Our practice
23 is to regularly monitor the results of our programs and I believe it is
24 appropriate for the Authority to review these results as well. Piedmont
25 proposes to provide these results to the Authority for this purpose.
26

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

2 A. Yes it does.

**BEFORE THE TENNESSEE REGULATORY AUTHORITY
NASHVILLE, TENNESSEE**

IN RE:

PETITION OF PIEDMONT NATURAL GAS)
COMPANY, INC. TO IMPLEMENT A)
MARGIN DECOUPLING TRACKER (MDT))
AND RELATED ENERGY EFFICIENCY AND)
CONSERVATION PROGRAMS)

Docket No. 09-00104

AFFIDAVIT

STATE OF NORTH CAROLINA)

COUNTY OF MECKLENBURG)

Steve Lisk, being duly sworn, deposes and says that he is the Steve Lisk whose Testimony accompanies this affidavit; that such testimony was prepared by him; that he is familiar with the contents thereof; that the facts set forth therein are true and correct to the best of his knowledge, information and belief; and that he does adopt the same as his sworn testimony in this proceeding.



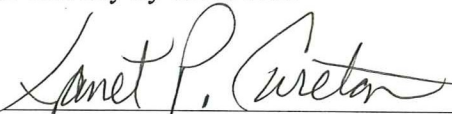
Steve Lisk

Mecklenburg County, North Carolina

Signed and sworn to before me this day by Steve Lisk

Date:

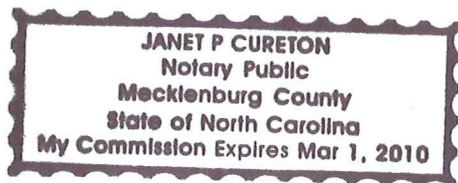
Dec. 2, 2009



Janet P. Cureton, Notary Public

(Official Seal)

My commission expires: March 1, 2010



CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing Pre-Filed Direct Testimony was served via U.S. Mail upon:

Ryan L. McGehee
Assistant Attorney General
Office of the Attorney General
Consumer Advocate and Protection Division
PO Box 20207
Nashville, Tennessee 37202-0207

C. Scott Jackson
Senior Counsel
Office of the Attorney General
Consumer Advocate and Protection Division
PO Box 20207
Nashville, Tennessee 37202-0207

This 4th day of December, 2009.

