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BEFORE THE ARKANSAS PUBLIC SERVICE COMMISSION

IN THE MATTER OF A NOTICE OF)
INQUIRY REGARDING A RULEMAKING FOR)
DEVELOPING AND IMPLEMENTING)
ENERGY EFFICIENCY PROGRAMS)

FILED
DOCKET NO. 06-004-R

**ATTORNEY GENERAL'S RESPONSE TO
ARKANSAS OKLAHOMA GAS CORPORATION'S
PETITION FOR REHEARING AND MOTION FOR CLARIFICATION**

Now comes the Consumer Utilities Rate Advocacy Division of the Arkansas Attorney General's Office (the AG) and for its Response to Arkansas Oklahoma Gas Corporation's Petition for Rehearing and Motion for Clarification, states as follows:

From the inception of this docket, the AG has opposed the idea of lost revenue recovery for utilities as part of Arkansas' Energy Efficiency Programs. The reasons for such opposition are two-fold. First, ratepayers should not be required to pay twice for energy efficiency programs. Second, the statute authorizing energy efficiency programs does not allow for utility recovery of an indirect loss only tenuously associated with such programs.

Under the recently promulgated Rules for Conservation and Energy Efficiency Programs¹, ratepayers will fund these programs through a rider or surcharge pursuant to Section 7.B of the Energy Efficiency Rules. All direct program costs will be charged to the ratepayers through this rider. AOG proposes in its "lost revenues" request that ratepayers not only pay for the actual cost of programs to create energy savings, but they also compensate utilities for energy allegedly saved through these programs. Such

¹ 06-004-U Order No. 12, Attachment D

double payment from ratepayers is not in the public interest. For one thing, it creates a disincentive for consumers to participate in Energy Efficiency Programs. By participating in the programs and reducing their energy consumption, they are simply increasing the amount of money that they will have to pay to the utility as “lost revenues.” Since such a scheme results in no real monetary savings to consumers, it threatens to undermine the programs’ effectiveness.

Any calculation of supposed “lost revenues” is always speculative at best. It can never be established with the certainty necessary to be considered an actual “cost” under the statute.²

The Commission recognizes these conceptual and practical barriers to the inclusion of “lost revenue” as a “direct cost” of energy efficiency programs and has properly limited the definition of cost recovery.

Respectfully submitted,

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² Ark. Code Ann. § 23-3-405

CERTIFICATE OF SERVICE

I, Sarah R. Tacker, do hereby certify that a copy of the foregoing Response has been served upon all parties of record by mailing a copy of same, in the U. S. mail, postage prepaid, this 22nd day of February, 2007.



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