

Dec 5 11 53 AM '06

**ARKANSAS PUBLIC SERVICE COMMISSION**

**FILED**

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

DOCKET NO. 06-004-R

ARKANSAS WESTERN GAS COMPANY'S REPLY COMMENTS ON  
PROPOSED ENERGY EFFICIENCY GUIDELINES

Arkansas Western Gas Company (AWG) submits the following reply comments on the Commission's Proposed Energy Efficiency Guidelines (EEGs) in accordance with Order No. 11.

AWG would reiterate the points made in its initial comments and would like to add the following additional comments to address some of the points raised by other parties. AWG's failure to specifically address any point raised by other parties should not be taken as agreement with those points.

**Electric Cooperatives Request for Exemption**

The electric cooperatives have requested an exemption from the EEGs and that they be allowed to pursue their own "energy efficiency programs" outside the EEGs. AWG is opposed to this exemption because the cooperatives' current "energy efficiency programs" include a substantial amount of load building and fuel switching. Most of these programs are designed around Doug Rye. While Mr. Rye does provide a lot of useful information on energy efficiency and conservation, he is also very anti-gas. His favorite slogan is "Doug Rye don't do gas." He encourages substitution of electric water heaters for natural gas water heaters by erroneously leading people to believe that electric water heaters use less energy than gas water heaters. He also promotes air source heat pumps as being three times more efficient than gas furnaces. The real truth is that the full

8  
0

fuel cycle energy efficiency of a natural gas furnace is higher than the full fuel cycle energy efficiency of an air source heat pump powered by electricity produced in a central power plant operating on fossil fuels. According to the AECC web site, Mr. Rye also guarantees the electricity costs for the cooperatives' model homes. See AWG Exhibit F. This appears to be in violation of Section 2(g)(1)(G) of the Commission's Promotional Practices Rules which includes the guaranteeing of utility costs as a promotional practice. To the extent that Mr. Rye is successful in persuading people to use electricity instead of gas, he offsets much of the benefits of the legitimate energy efficiency information that he provides. Due to the limited resources available for energy efficiency in Arkansas, the Commission simply cannot afford to allow any of the benefits of legitimate energy efficiency programs to be offset by electric load building and fuel switching programs.

If there is a reasonable way to make efficiency programs more cost effective for the smaller cooperatives, that would be a good thing to do, but the load building and fuel substitution elements of the programs must be eliminated.

### **The Analysis Tool**

Entergy has suggested that the Analysis Tool not be included in the EEGs due the lack of flexibility that this would create with regard to making adjustments to the tool. AWG agrees with this suggestion.

### **The Filing Requirements**

Staff has suggested that the filing requirements from Section 5 of the Promotional Practices Rules should be incorporated into the EEGs. AWG does not object to incorporating these filing requirements.

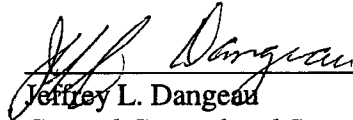
**Cost Recovery**

Some parties have suggested various forms of delayed cost recovery. The Energy Conservation Endorsement Act requires that the Commission order recovery of costs, including lost margin revenues, at the time the Commission approves the programs. See Ark Code Ann. §23-3-405.

Respectfully submitted,

ARKANSAS WESTERN GAS COMPANY

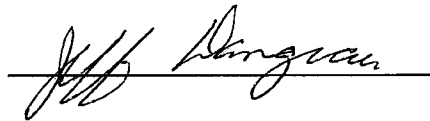
By:



Jeffrey L. Dangeau  
General Counsel and Secretary  
P. O. Box 1288  
Fayetteville, AR 72702-1288  
(479) 582-8418  
jdangeau@swn.com

**CERTIFICATE OF SERVICE**

I certify that a copy of the foregoing pleading has been served on all parties of record by first class mail, postage prepaid, this 5th day of December, 2006.





Electric Cooperatives of Arkansas

DOUG RYE'S TIPS

- ▶ About Us
- ▶ Distribution Cooperatives
- ▶ Rural Arkansas
- ▶ Doug Rye's Tips
- ▶ Governmental Affairs
- ▶ Economic Development
- ▶ Newsroom
- ▶ Education
- ▶ Employment
- ▶ Contact Us



[Doug Rye's Column](#) | [Model Home Tour](#) | [Ask Doug](#) | [Reading Your Meter](#) | [About Doug Rye](#) |

### Model Home Tour

**Cooperatives team up with Doug Rye to build energy-efficient homes  
Successful program educates homebuilders, homeowners**

SEARCH   
  
Find It



Building an energy-efficient home takes more planning and effort and, because of that, many homeowners and builders need to be convinced of their value. That's where the Electric Cooperatives of Arkansas' model home program comes in.

"It always seemed like a no-brainer to me," said Doug Rye, the well-known energy efficiency expert who is a consultant for the model home program. "If you are trying to educate the people, why don't you put a house out here that they can see, touch and feel?"

The Electric Cooperatives of Arkansas agreed and that is why they formed a partnership with Rye in 1997 to build a series of energy-efficient homes around the state. The homes are built using Rye's techniques and are equipped with energy-efficient appliances. Each home is guaranteed not to exceed a specific amount in heating and cooling costs.

In the beginning, the cooperatives built the homes speculatively and then sold them. The homeowners had to agree to allow the house to be shown to the public for three months after they were completed. During that time period, tours were conducted, along with energy seminars hosted by Rye. Today, the homes are pre-sold, with the cooperatives and Rye working as consultants on the homes. As in the past, the owners agree to allow the homes to be shown to the public for a period of time after they are finished.



"The idea is to show people that you can build a beautiful

home that is energy efficient, totally comfortable and has very reasonable utility bills," Rye said.

The response to the homes has far exceeded expectations, said Jerry Varner, coordinator of the model home program.

"We've been amazed at the number of people who have been interested in the homes and that have used Doug's suggestions in their homes," Varner said.

The following model homes have been built or are under construction:

- **Arkansas Valley Electric Cooperative Model Home, Fort Smith:** This pre-sold home was completed in October 2002 and has 3,420 square feet of conditioned space. About 3,500 people toured this home during the Parade of Homes in October 2002. It has guaranteed heating and cooling costs of \$69 a month.
- **Carroll Electric Cooperative Model Home, Rogers:** This 3,600-square foot home, which was completed in the summer of 2003, is for sale.
- **Clay County Electric Cooperative Model Home, Pochontas:** This 3,710-square-foot home was finished in April 2001. Doug Rye guaranteed the heating and cooling bill to average \$98 a month.
- **Craighead Electric Cooperative Model Home, Trumann:** Started in October of 1999, this 2,260-square-foot home was sold in November of 2000.
- **Craighead Electric Cooperative Model Home, Jonesboro:** Work began on this pre-sold home in early 2003. Located in a north Jonesboro subdivision, this home has 2,004 square feet of heated and cooled space and will be conditioned by a geothermal heat pump with Doug Rye's guaranteed heating and cooling costs not to exceed a monthly average of \$46.
- **First Electric Cooperative Model Home, Cabot:** Completed in June of 2000, this home has 2,600 square feet of heated and cooled space.



The total electrical use averages \$98 monthly.

- **First Electric Cooperative Model Home, Bryant:** Doug Rye, the "King of Caulk and Talk," is walking the walk and talking the talk with his new home in the Hurricane Lake Estates area of Bryant. This home has more than 4,000 square feet and was designed by Rye. A true

showplace of beauty and energy efficiency, this home is expected to be completed in the summer of 2003.

- **North Arkansas Electric Cooperative Model Home, Mountain Home:** This 2,400-square-foot home was completed in July 1999 and was sold in October 2000. It has an average heating, cooling, and water heating bill of \$42 a month.
- **Ouachita Electric Cooperative Model Home, Camden:** This 2,080-square-foot home has guaranteed heating and cooling costs not to exceed a monthly average of \$47.
- **Ozarks Electric Cooperative Model Home, Fayetteville:** Completed in 1999, this 2,600-square-foot home was the first model home built in Arkansas by the cooperatives. It has an average heating, cooling and water heating bill of \$39 a month.
- **South Central Arkansas Electric Cooperative Model Home, Arkadelphia:** This pre-sold home has 3,200 square feet of conditioned space. The home has guaranteed heating and cooling costs of \$79 a month.
- **Southwest Arkansas Electric Cooperative Model Home, Texarkana:** This 3,500-square-foot home was completed in early 2003. It has guaranteed heating and cooling costs of \$79 a month.



**ELECTRIC COOPERATIVES OF ARKANSAS**  
1 Cooperative Way  
Little Rock, AR 72209  
501-570-2200

([HOMEPAGE](#))

[About Us](#) | [Distribution Cooperatives](#) | [Rural Arkansas](#) | [Doug Rye's Tips](#)