

ARKANSAS PUBLIC SERVICE COMMISSION

IN THE MATTER OF THE CONTINUATION,)
EXPANSION, AND ENHANCEMENT OF) DOCKET NO. 13-002-U
PUBLIC UTILITY ENERGY EFFICIENCY) ORDER NO. 33
PROGRAMS IN ARKANSAS)

IN THE MATTER OF THE REQUEST)
FOR APPROVAL OF ITS QUICK START) DOCKET NO. 07-076-TF
ENERGY EFFICIENCY PROGRAMS AND) ORDER NO. 62
THE TARIFF RELATED TO THE PROGRAM)
BY THE EMPIRE DISTRICT ELECTRIC)
COMPANY)

ORDER

On April 21, 2015, the General Staff (Staff) of the Arkansas Public Service Commission (Commission), Entergy Arkansas, Inc. (EAI), CenterPoint Energy Resources d/b/a CenterPoint Energy Arkansas Gas (CenterPoint), Southwestern Electric Power Company (SWEPCO), Black Hills Energy Arkansas, Inc. (Black Hills, f/k/a SourceGas Arkansas, Inc.), Arkansas Oklahoma Gas Corporation (AOG), the Empire District Electric Company (Empire), Oklahoma Gas & Electric Company (OG&E), the Arkansas Attorney General’s Office (AG), the Arkansas Advanced Energy Association, Inc. (AAEA), and the National Audubon Society, Inc. (Audubon), (collectively, the PWC) submitted *Joint Recommendations Regarding the Energy Efficiency Programs of the Empire District Electric Company* (Joint Recommendations).

Positions of the Parties

The PWC note that the Commission, by Order No. 31 in this docket, acknowledged the PWC’s stated intent to present a recommendation regarding Empire’s compliance with energy efficiency (EE) goals during the upcoming 2017-2019 cycle of

EE programs. Joint Recommendations at 2. The PWC state that Empire's Arkansas service area can be described as a few small towns in a mostly rural area and that Empire's lack of past success in meeting energy savings targets is inevitable and justifiable given the lack of economies of scale. *Id.* at 2-4. The PWC indicate that they held a meeting to discuss Empire's unique situation and unanimously recommend that Empire continue to offer some form of EE programs to its customers. *Id.* at 5.

The PWC recommend, however, that the Commission not require Empire to design programs and portfolios to meet the Commission's statewide energy savings targets or to submit an annual EM&V report. *Id.* The PWC characterize regulatory compliance costs, including reporting, as one of Empire's largest barriers to success and therefore recommend that Empire file its performance reports, cost-benefits analysis, and EM&V reports triennially and concurrent with three-year Portfolio design. *Id.* at 10.

The PWC also recommend that Empire not be required to meet certain aspects of the Commission's EE program comprehensiveness checklist, including offering programs that meet all major end-uses for each customer sector; taking advantage of opportunities to address the comprehensive needs of targeted customer sectors; and enabling the delivery of all achievable cost-effective EE within a reasonable period of time, maximizing net benefits to customers and to the utility system. *Id.* at 5 and 9. The PWC note that relaxing the reporting and comprehensiveness requirements will allow Empire to include only cost-effective programs and reduce administrative expense. *Id.* at 9.

The PWC recommend that Empire be required to file annual Energy Efficiency Cost Recovery Rider (Rider EECR) rate adjustments on the same schedule as other IOUs; design its portfolio and programs to be cost-effective; and market its EE programs. *Id.* at 6. The PWC recommend that Empire still be allowed to qualify for lost contributions to fixed costs (LCFC) but that it only be allowed to qualify for utility incentives if it meets the statewide energy savings targets. *Id.*

The PWC also recommend that Empire be allowed to design an EE portfolio with realistic participation levels and budgets that are aligned to the unique characteristics of its service territory, in part because past budgets designed to meet Commission targets led to underspending and over-collection of EECR revenues. *Id.* at 6-7.

Findings and Rulings

The Commission approves the PWC's recommendations, as set out below, on the basis that Empire's uniquely small and rural service territory reasonably merits waiver of certain C&EE Rules due to a lack of economies of scale; and on the basis of the unanimity of the PWC's recommendation:

1. Empire shall set realistically-achievable program plans and budget levels;
2. Current mechanisms for collecting LCFC and any utility performance incentive shall remain in place, as described in Section 7 of the C&EE Rules;
3. Empire is granted the flexibility listed above from specific items in the Comprehensiveness Checklist described in Order No. 17 in Docket No. 08-144-U in order to streamline program offerings and best serve its customers with programs primarily aimed at cost-effectiveness;

4. Pursuant to Section 4.B of the C&EE Rules and Rule 2.05 of the Commission's *Rules of Practice and Procedure*, the Commission finds that it is in the public interest and good cause has been shown to grant Empire an exemption from Section 9 of the C&EE rules concerning annual reporting and it is instead required to file this information during each program design cycle, which is anticipated to be a three-year cycle;
5. Empire is required to continue market its EE programs to the best of its ability and resources.

BY ORDER OF THE COMMISSION,

This 3rd day of May, 2016.



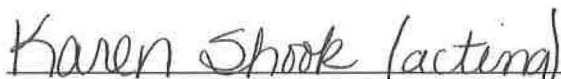
Ted J. Thomas, Chairman



Elana C. Wills, Commissioner



Lamar B. Davis, Commissioner


Michael Sappington, Secretary of the Commission

I hereby certify that this order, issued by the Arkansas Public Service Commission, has been served on all parties of record on this date by the following method:

U.S. mail with postage prepaid using the mailing address of each party as indicated in the official docket file, or
 Electronic mail using the email address of each party as indicated in the official docket file.