

**ARKANSAS PUBLIC SERVICE COMMISSION**   
 SECRETARY OF COMM

2010 FEB -3 A 10: 28

IN THE MATTER OF THE APPLICATION )  
 FOR APPROVAL OF THE ARKANSAS )  
 WEATHERIZATION PROGRAM SUBMITTED )  
 BY ENTERGY ARKANSAS, INC., )  
 SOUTHWESTERN ELECTRIC POWER )  
 COMPANY, OKLAHOMA GAS AND )  
 ELECTRIC COMPANY, EMPIRE DISTRICT )  
 ELECTRIC COMPANY, CENTERPOINT )  
 ENERGY ARKANSAS GAS, ARKANSAS )  
 WESTERN GAS COMPANY AND ARKANSAS )  
 OKLAHOMA GAS CORPORATION )

FILED

Doc-# 52 DOCKET NO. 07-079-TF  
 ORDER NO. 13

IN THE MATTER OF THE ARKANSAS )  
 WEATHERIZATION PROGRAM )

Doc-# 14 DOCKET NO. 08-065-RP  
 ORDER NO. 6

**ORDER**

Pursuant to its authority under the Arkansas Energy Conservation Endorsement Act of 1977 (“ECEA”), (Ark. Code. Ann. § 23-3-401 *et seq.*) and the Conservation and Energy Efficiency Rules (“C&EE Rules”) adopted thereunder in Docket No. 06-004-U, and with the support of all of the joint-utility sponsors (the “AWP Utilities”) of the Arkansas Weatherization Program for Severely Energy Inefficient Homes (“AWP”), the Arkansas Community Action Agencies Association (“ACAAA”, representing the “ACAAA Network” of 15 weatherization agencies), the Central Arkansas Development Council (“CADC” or the “AWP Administrator”), Audubon Arkansas (“Audubon”), the Attorney General (“AG”), and the General Staff (“Staff”), the Commission finds that the proposed Comprehensive AWP submitted by ACAA on July 1, 2009, is consistent with the C&EE Rules<sup>1</sup> and should be approved for implementation beginning on January 1, 2010, in accordance with the provisions of this Order. This decision follows from a review of the

<sup>1</sup> The findings in this Docket as to whether or not the approved EE programs are “comprehensive” within the meaning of the C&EE Rules are subject to subsequent Commission orders in Docket No. 08-144-U. See the companion Order No. 13 in Docket No. 08-144-U, issued today.

filings of the parties in response to the Comments and plan filed by ACAA on July 1, 2009, the testimony of witnesses for the parties in the hearing held in this docket on October 29, 2009, and the post-hearing briefs filed on November 13, 2009. It is noted that none of the AWP Utilities called witnesses during the October 29<sup>th</sup> hearing or filed post-hearing briefs on the issues discussed in this Order.

Based upon either support or non-opposition from all of the parties, the Commission finds and directs:

1. That the proposed Comprehensive AWP complies with all applicable statutes, rules, and orders of the Commission and that the revised and updated program results and pre-implementation estimates filed by ACAA in response to the Commission's requests for reports in Attachments A and B, respectively, should be accepted;
2. That AWP performance to date has been cost-effective and merits continuation at no less than the levels budgeted by ACAA for 2010 in Attachment B and at least 2010 levels for the years 2011 and 2012;
3. That the proposal of Oklahoma Gas and Electric Company ("OG&E") to continue its participation and support of the AWP for delivery of weatherization services to OG&E customers that reside in Severely Energy Inefficient Homes ("SEIH") and are eligible for U.S. Department of Energy Weatherization Assistance Program ("WAP") services and co-payments for low-income customers, while launching and implementing a concurrent and complementary OG&E weatherization program available to all other residential customers is reasonable and should be approved.

4. That program-specific enhancements proposed by ACAA to the existing Quick Start AWP, which have been agreed to by the ACAA Network, should be approved, to wit:
  - a. Eliminate the home ownership requirement of the AWP and follow WAP protocol for non-homeowners;
  - b. Change the age and number of criteria requirements for the AWP to include houses built before 1997 and meeting three instead of four criteria for determination of severe energy inefficiency;
  - c. After the audit is completed, allow customers who are paying the co-payment themselves to choose the energy-saving measures to be installed on their homes;
  - d. To ease administration, modify the AWP to adhere as closely as possible to the WAP Requirements. These changes would also broaden program access and include:
    - i. Change the attic insulation criterion to "Equal to or less than R-30";
    - ii. Change the heating system criterion to non-working heating system or systems with less than a 70% efficiency;
    - iii. Change the cooling system criterion to non-working cooling system or systems with SEER of 8 or less; and
    - iv. Provide additional training with the Network on job appraisals and customer relationships.

The AG made four recommendations in testimony and in its post-hearing brief (the first two recommended originally by Audubon and supported by ACAA and the

last proposed originally by ACAA and in general supported by Audubon) that the Commission finds reasonable. The Commission has determined that the first three of the following recommendations are sensible tasks that should be undertaken by the AWP Collaborative and/or various task forces, working groups, or advisory groups that the Collaborative and its stakeholders may establish pursuant to this Order:

1. That an analysis be conducted to determine the level of AWP funding that would be necessary to serve the population in a reasonable period of time, to help policymakers gauge whether the program is funded and administered at a level that would cost-effectively serve its target customers within a reasonable period of time;
2. That the AWP lay the groundwork in 2010, before Federal Stimulus (ARRA) funding support for the federally-funded WAP runs out, to ensure continuation and expansion of the utility-funded program over the next several years;
3. That, prior to the next round of EE programs, there be an independent assessment and evaluation of the comparative costs and benefits of the OG&E and AWP weatherization programs over the life of the programs. The AG noted that it would be helpful if the parameters for reporting on costs and energy savings would be established beforehand, to provide a meaningful comparison based on the annual reports submitted to the Commission. The AG also offered to assist in establishing these parameters and in the assessment process adopted by the Commission;
4. That the Commission convene a task force to develop statewide avoided costs and benefits (including non-energy benefits) by which to analyze the

cost effectiveness of the AWP, while recognizing that Arkansas avoided costs for purposes of EE benefits could be updated and improved to possibly reflect seasonal and time-differentiated costs, along with consideration of non-energy benefits.

With respect to the fourth issue, the Commission agrees with Audubon's Post-Hearing Comments filed in the AWP proceeding concerning Issues Common to Various Energy Efficiency Dockets, wherein Audubon notes that several issues broadly implicate most or all of the EE dockets. In a companion order to that issued today in this AWP Docket, the Commission has established a new Energy Efficiency Notice of Inquiry Docket ("EE NOI", No. 10-010-U) and has included for consideration in that docket the benefits of EE, as Issue 10. Benefits of Energy Efficiency Resources. Likewise, the Commission has transferred the related issue of avoided costs to the Innovative Ratemaking Docket (No. 08-137-TF) where, along with a number of other related issues, it will be vetted and decided during calendar year 2010 as Issue 11. Lost Contributions to Fixed Costs, Avoided Costs Associated with Energy Efficiency Resources, and Shareholder Incentives for Program Performance.

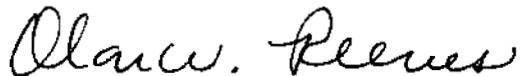
The Secretary of the Commission forthwith shall serve a copy of this order by email on counsel for all parties to this proceeding.

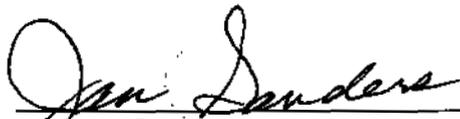
BY ORDER OF THE COMMISSION.

This 3<sup>rd</sup> day of February, 2009.

  
Paul Suskie, Chairman

  
Colette D. Honorable, Commissioner

  
Olan W. Reeves, Commissioner

  
Jan Sanders  
Secretary of the Commission

I hereby certify that the following order issued  
by the Arkansas Public Service Commission  
has been served on all parties of record this  
date by U.S. mail with postage prepaid, using  
the address of each party as indicated in the  
official docket file.

  
Secretary of the Commission

Date 2-3-10