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ARKANSAS PUBLIC SERVICE COMMISSION

FILED

IN THE MATTER OF THE CONTINUATION,)
EXPANSION, AND ENHANCEMENT OF)
PUBLIC UTILITY ENERGY EFFICIENCY)
PROGRAMS IN ARKANSAS)

DOCKET NO. 13-002-U
ORDER NO. 2 #15

IN THE MATTER OF THE REQUEST FOR)
APPROVAL OF ITS QUICK START ENERGY)
EFFICIENCY PROGRAMS AND THE TARIFF)
RELATED TO THE PROGRAM BY OKLAHOMA)
GAS AND ELECTRIC COMPANY)

DOCKET NO. 07-075-TF
ORDER NO. 43 #193

IN THE MATTER OF THE REQUEST FOR)
APPROVAL OF ITS QUICK START ENERGY)
EFFICIENCY PROGRAMS AND THE TARIFF)
RELATED TO THE PROGRAM BY THE)
EMPIRE DISTRICT ELECTRIC COMPANY)

DOCKET NO. 07-076-TF
ORDER NO. 44 #178

IN THE MATTER OF THE APPLICATION OF)
ARKANSAS OKLAHOMA GAS CORPORATION)
FOR APPROVAL OF QUICK START ENERGY)
EFFICIENCY PROGRAMS)

DOCKET NO. 07-077-TF
ORDER NO. 50 #247

IN THE MATTER OF THE APPLICATION FOR)
APPROVAL OF ARKANSAS WESTERN GAS)
COMPANY'S INITIAL ENERGY EFFICIENCY)
PROGRAM PLAN)

DOCKET NO. 07-078-TF
ORDER NO. 42 #164

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, THE EMPIRE DISTRICT)
ELECTRIC COMPANY, CENTERPOINT)
ENERGY ARKANSAS GAS, ARKANSAS)
WESTERN GAS COMPANY AND ARKANSAS)
OKLAHOMA GAS CORPORATION)

DOCKET NO. 07-079-TF
ORDER NO. 28 #105

IN THE MATTER OF THE APPLICATION OF)
CENTERPOINT ENERGY ARKANSAS GAS FOR)
APPROVAL OF ITS "QUICK START" ENERGY)
EFFICIENCY PROGRAM, PORTFOLIO AND)
PLAN INCLUDING ITS COST RECOVERY)
RIDER)

DOCKET NO. 07-081-TF
DOCKET NO. 57 #244

IN THE MATTER OF THE APPLICATION FOR)
APPROVAL OF SOUTHWESTERN ELECTRIC)
POWER COMPANY'S INITIAL ENERGY)
EFFICIENCY PROGRAM PLAN)

DOCKET NO. 07-082-TF
ORDER NO. 57 #263

IN THE MATTER OF THE JOINT)
APPLICATION FOR APPROVAL OF THE)
ENERGY EFFICIENCY ARKANSAS QUICK)
START PROGRAM)

DOCKET NO. 07-083-TF
ORDER NO. 33 #109

IN THE MATTER OF THE APPLICATION OF)
ENTERGY ARKANSAS, INC. FOR APPROVAL)
OF ENERGY EFFICIENCY PROGRAMS AND)
ENERGY EFFICIENCY COST RATE RIDER)

DOCKET NO. 07-085-TF
ORDER NO. 78 #365

ORDER

On January 4, 2013, by Order No. 1 in this docket ("Order"), the Arkansas Public Service Commission ("Commission") established a process and a timeline to resolve issues related to the development and implementation of the second three-year cycle of comprehensive utility energy efficiency ("EE") programs in Arkansas. The Commission directed that all of the state's investor-owned electric and natural gas utilities ("Utilities") and EE program administrators and all parties to the EE Tariff Filing ("TF") dockets¹

¹ Docket Nos. 07-075-TF (Oklahoma Gas and Electric Company), 07-076-TF (The Empire District Electric Company), 07-077-TF (Arkansas Oklahoma Gas Corporation), 07-078-TF (SourceGas Arkansas, Inc., formerly Arkansas Western Gas Company), 07-079-TF (Arkansas Weatherization Program), 07-81-TF (CenterPoint Energy Arkansas Gas), 07-082-TF (Southwestern Electric Power Company), 07-083-TF (Energy Efficiency Arkansas) and 07-085-TF (Entergy Arkansas, Inc.), collectively, the Utilities and program administrators.

that file comments in response to Order No. 1 in this docket be made parties to this docket. Order No. 1, footnote 1.

On January 16, 2013, the Arkansas Advanced Energy Association (“AAEA”) filed a *Petition to Intervene* in this docket. On January 17, 2013, the General Staff of the Commission (“Staff”) filed its *Response to Petition to Intervene* (“Petition”), stating that it has no objection to AAEA’s Petition.

On January 17, 2013, Staff filed on behalf of itself, the Utilities, Arkansas Community Action Agencies Association (“ACAAA”), National Audubon Society, Inc. (“Audubon”), and the Arkansas Energy Office (“AEO”), collectively referred to as the Parties Working Collaboratively (“PWC”), a *Joint Motion for Extension of Submittal of the Next Three-Year Program Plan Cycle and Response to Order No. 1* (“Joint Motion”). In support of the Joint Motion, Staff filed the testimony of Director of Rates and Demand Resources Matthew S. Klucher; ACAAAA filed the testimony of Executive Director Rose Adams; and the Joint Utilities filed the testimony of Director of Energy Efficiency Programs for Arkansas Oklahoma Gas Corporation Jason W. Brannen, P.E.

On January 25, 2013, Arkansas Energy Consumers, Inc. and Arkansas Gas Consumers, Inc. (“AEEC/AGC”) filed their *Joint Response to Order No. 1 Regarding Extension of Submittal of the Next Three-Year Program Cycle Plan, and Joint Response to the PWC’s Joint Motion* (Joint Response). On January 29, 2013, Staff filed its Reply to the Joint Response.

On January 28, 2013, the Sierra Club (“AAEA”) filed a *Petition to Intervene* in this docket. On January 28, 2013, Staff filed its *Response to Petition to Intervene* (“Petition”), stating that it has no objection to the Sierra Club’s Petition.

By this Order, the Commission rules on the AAEC and Sierra Club's petitions to intervene and the PWC's Joint Motion and AEEC/AGC's Joint Response thereto.

Positions of the Parties

In the Joint Motion, the PWC requests the delay of certain deadlines established by the Commission in order to enable the PWC and its individual members to fully review, analyze, and comment on the issues presented in Order No. 1 and to integrate any related modifications into the Utilities' next EE portfolio filings. The Joint Motion states that the PWC is a working group "initiated by the Commission to provide a forum for EE stakeholders to identify issues and work collaboratively to develop potential solutions, with the goal ultimately being to present such issues, along with recommendations, to the Commission for its approval." Joint Motion at 2. The Joint Motion asserts that the proposed schedule set forth in the Order does not provide adequate time for the PWC to operate in its designated role or to present thoughtful and carefully considered recommendations to the Commission for its consideration. *Id.*

The Joint Motion further states that at this time, neither the Commission, Staff, nor the PWC have had the opportunity to evaluate a full year of empirical data on the current (i.e., Program Year 2012) portfolios of the Utilities' respective EE programs. The Joint Motion notes that the annual reports filed on April 1, 2012, were limited reviews of the results of the Utilities' program portfolios, reflecting only six months of activity from Program Year 2011 for the current three-year program portfolios and limited evaluation, measurement, and verification ("EM&V") analysis owing to time constraints. According to the Joint Motion, Annual Reports for 2012 will not be filed until April 1, 2013, and the Commission's Independent Evaluation Monitor ("IEM") will not file its Annual Summary

Report on its EM&V findings for Program Year 2012 until June 1, 2013. The PWC asserts that review and analysis of a full year of actual program experience under the current EE program portfolios will help the Commission and the PWC to examine the issues presented in Order No. 1, and will inform the planning and development of the next EE program portfolios. *Id.* at 3.

Given the need for additional time for comments on the Order, and consistent with the Commission's suggestion in Order No. 1 that parties propose alternative dates for filings, the PWC proposes to delay the submittal of the next program portfolios to June 1, 2014. The Joint Motion states that absent such a delay, preparation of the next program portfolio filings would of necessity be prepared without direction from the Commission, as well as input from the PWC, on many of the policy issues identified in the Order. *Id.* According to the PWC, the proposed delay for filing program portfolios contemplates a review and approval schedule for those program portfolios that is consistent with the Commission's anticipated dates as set forth in the Order, with Commission approval of portfolios targeted for early August 2014. *Id.* at 3-4. The PWC notes that this would result in the next three-year program cycle covering calendar years 2015-2017 rather than 2014-2016 and that this new proposed filing date for the portfolios facilitates implementation for specific program years on a calendar-year basis, rather than splitting a year between programs in the middle of a calendar year. *Id.* at 4.

More specifically, the PWC recommends the following modifications to the schedule set forth in Order No. 1:

- A. Delay the submittal of the next three-year program plan filing to June 1, 2014 and target Commission approval of the portfolios for early August

2014, with the next three-year program cycle covering calendar years 2015-2017;

- B. Postpone filing dates for this docket to allow Initial Comments to be due May 15, 2013, and Reply Comments to be due June 1, 2013, so as to enable the Utilities to first focus their efforts on producing thorough and complete annual reports of the results of Program Year 2012. The Utilities' and program administrators' Annual Reports and the Energy Efficiency Cost Recovery ("EECR") rider filings for Program Years 2013 and 2014 would continue to be made on April 1 of the respective year.
- C. Establish the existing Program Year 2013 energy savings targets, budgets, incentive structure, etc. as the energy savings targets, budgets, incentive structure, etc. for Program Year 2014, thus providing the opportunity for continued increases in energy savings and providing the PWC and the Commission an adequate amount of time to carefully examine the proposed modifications and implement any changes in an orderly and efficient manner.
- D. Allow existing Self-Direct ("S-D") customers to extend existing Program Year 2013 certificates of exemption through 2014, with no new filing to be required on or before September 15, 2013, since 2014 would not begin a new program cycle.

Id. at 4-5.

The Joint Motion notes that the requested extensions for the filing and implementation deadlines would allow all parties to review Program Year 2012 results as

reported in the Utilities' April 1, 2013 filing, which the PWC states is consistent with the EM&V "best practices" previously filed in Volume 1 of the EE Technical Reference Manual ("TRM") in 2011 and 2012. As a result, the PWC states, the Commission would have the opportunity to review a full year of empirical data results prior to commenting on the significant issues raised in Order No. 1, providing additional, vital information to the Commission and the parties in evaluating the EE programs and providing more informed comments and recommendations regarding the modifications set forth in Order No. 1. *Id.* at 5-6. The Joint Motion concludes by noting that the Utilities will file responses to the questions posed in Section 4 of Order No. 1 regarding enhanced industrial energy efficiency programs on February 1, 2013, as directed by the Order. *Id.* at 6.

Mr. Klucher for Staff, Mr. Brannen for Utilities, and Ms. Adams for ACAA each testify that all Parties and the Commission would benefit from reviewing the 2012 EE program Annual Reports that will be filed on April 1, 2013. Mr. Brannen explains that the most recent Annual Reports filed on April 1, 2012, covered a "split" year, which included only a half of a year of new comprehensive programs and that included significant start-up costs. He states that these recent reports are not the best basis on which to consider the new proposed policies. Mr. Klucher and Mr. Brannen also concur that the Utilities and Commission Staff will be unable to give proper focus to analyzing the new policies proposed in Order 1 due to the extensive reporting requirements and other filings required during the same March and April 2013 timeframe scheduled for comment by Order No. 1.

Mr. Klucher states that if the Commission uses 2013 as a bridge year for 2014, then it would be appropriate and administratively efficient for all the parties involved to extend

all activities for 2013 into 2014, including the Self-Direct Exemptions, with no new filings required of the S-D customers in 2013. *Id.* at 8.

As an example of the items contemplated in Order No. 1 that require an extension of time, Mr. Brannen notes that the development and issuance of an RFP and the hiring of a facilitator to coordinate the Continuous Program Improvement Collaborative could take six months to a year. He notes that following the selection, the facilitator will then have to “come up to speed” with EE efforts already in place in Arkansas, as well as become familiar with the market needs and dynamics of seven separate investor-owned utilities. *Id.* at 7.

Ms. Adams adds that the delays sought in the Joint Motion are particularly important for the AWP, in light of the priority placed by the Commission on development of a coordinated, standardized, dual-fuel, whole-house weatherization approach that would require more attractive funding options and would increase participation. *Id.* at 2. She notes that the AWP relies heavily on U.S. Department of Energy (“DOE”) Weatherization Assistance Program (“WAP”) funding to cover AWP co-payments for low-income customers, and that it is likely that future funding by DOE WAP will be inadequate to allow sufficient leveraging for the AWP, even at current AWP goal levels. *Id.*

In addition, Ms. Adams states that ACAA anticipates that the state’s WAP will be transferred to the Arkansas Energy Office. During that transition period, she notes, it will take time for an agency new to the administration of WAP to mesh that program with others and develop alternative funding strategies. In the interim, the Arkansas Department of Human Services – the current administrative agency – is proposing changes in WAP service territories, scope of services, and qualifications that would greatly affect the current AWP network of providers. *Id.* She states that the delays proposed by

the PWC in the Joint Motion would allow time for ACAA and other parties to more fully engage with the Arkansas Energy Office in discussions toward addressing the Commission's priority for standardized delivery of whole-house weatherization services that could be offered with a variety of funding options. *Id.*

In their Joint Response to the Joint Motion, AEEC/AGC express their intent and desire to be active parties and to file comments and/or testimony in this docket, noting the numerous EE docket in which they have participated since 2007. Joint Response at 2. AEEC/AGC object to not already being made a party to this docket and to the fact that they were omitted from the PWC, noting that both entities have actively participated in EE tariff filings in the past and that their membership includes large industrial and agricultural companies operating through Arkansas. *Id.* at 3. They assert that these are the exact class of consumers to which the EE Self-Direct rules are targeted and by whom those rules are utilized and note that while the PWC proposes changes regarding the S-D rules, none of the current members of the PWC represent any S-D customers. AEEC/AGC object to the PWC's presuming to include a forum for S-D customers while excluding the only parties to the EE tariff dockets who represent S-D consumers and request to be included in any future discussions with the PWC. *Id.*

Notwithstanding the objections noted above, AEEC/AGC join in the substance of the PWC's Joint Motion, agreeing that certain deadlines established by the Commission should be delayed and requesting that they be made active parties to this docket and be included in any future activities of the PWC. *Id.* at 3-4.

In its Reply to the Joint Response, Staff states that it has no objection to and welcomes AEEC/AGC's participation in the PWC, has added their contact information to

the PWC list of participants to ensure they will receive notification of PWC meetings and communications, and has notified their counsel of these actions. Staff also notes that the PWC has neither recommended nor requested any change to the S-D Rules reflected in Section 11 of the C&EE Rules and is unaware of any plans to do so.

Ruling

In the absence of objection or opposition by Staff, the Commission grants the petitions to intervene filed by AAEA and the Sierra Club. The Commission recognizes AEEC/AGC as parties to this docket. The Commission directs the Parties Working Collaboratively to include AEEC/AGC in future activities of the PWC.

The Commission directs the Secretary of the Commission to list as an official party to this docket any party to any of the TF dockets that, prior to the deadlines established for filing comments in this docket, requests (by a letter filing in this docket) to be named as a party without being required to file a formal intervention petition. Furthermore, the Secretary is directed to add to the service list for filings in this docket the names of all listed parties to all of the nine EE TF dockets, so that they will be made aware of these proceedings and of the process by which they may become official parties to this docket.

Having considered the Joint Motion and supporting testimony and the AEEC/AGC Joint Response and the explication of the issues set forth above by the parties, the Commission finds that the Motion sets forth reasonable alternatives to the schedules proposed in Order No. 1 and directs that filings in this docket be made in accordance with the following schedule:

- Initial Comments – May 15, 2013
- Reply Comments – June 1, 2013

In addition, the Commission directs that energy savings targets, budgets, and the incentive structure previously approved by the Commission in the TF dockets for use by the Utilities and EE program administrators for the existing Program Year 2013 shall also be used for Program Year 2014, except insofar as the Utilities or program administrators shall seek, justify, and obtain Commission approval of proposed modifications to such targets, budgets, and incentive structure.

The submittal of the next three-year program plan filings in the TF dockets shall be rescheduled to June 1, 2014, with Commission approval of the portfolios targeted for August 2014. Accordingly, the next three-year program cycle for EE program and portfolio planning shall cover calendar years 2015-2017.

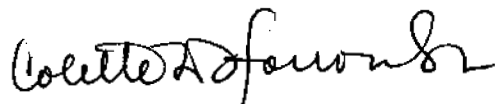
Existing Program Year 2013 Certificates of Exemption for Self-Direct customers shall be extended through calendar year 2014. New filings shall be required of existing or prospective new customers no later than September 15, 2014, in order for exemptions to be granted for the next three-year cycle of EE programming (2015-2017). The Secretary is directed to notify all S-D customers that current Certificates of Exemption shall be extended through Program Year 2014 without the need for a new filing in 2013.

BY ORDER OF THE COMMISSION,

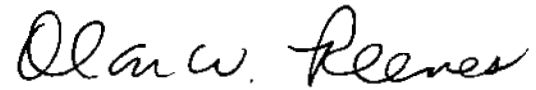
This 30th day of January, 2013.



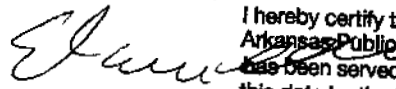
Kristi Rhude, Secretary of the Commission



Colette D. Honorable, Chairman



Olan W. Reeves, Commissioner



Elana C. Wills, Commissioner

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.