

ORIGINAL

NEW APPLICATION



0000126072

BEFORE THE ARIZONA CORPORATION

RECEIVED

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25

COMMISSIONERS  
GARY PIERCE, CHAIRMAN  
PAUL NEWMAN  
BRENDA BURNS  
BOB STUMP  
SANDRA D. KENNEDY

2011 JUN -1 P 4:40

AZ CORP COMMISSION  
DOCKET CONTROL

E-01750A-11-0228

IN THE MATTER OF MOHAVE  
ELECTRIC COOPERATIVE,  
INCORPORATED REQUEST FOR  
APPROVAL OF 2012 - 2013 DEMAND  
SIDE MANAGEMENT PLANS AND  
ENERGY EFFICIENCY  
IMPLEMENTATION PLAN, INCLUDING  
DSM ADJUSTMENT TARIFF; REQUEST  
FOR PARTIAL WAIVER PURSUANT TO  
THE ENERGY EFFICIENCY STANDARD  
RULES

DOCKET NO. E-01750A-11-

APPLICATION AND  
REQUEST FOR PARTIAL  
WAIVER

Arizona Corporation Commission  
DOCKETED

JUN -1 2011

DOCKETED BY  
nr

Mohave Electric Cooperative, Incorporated ("Mohave" or the "Cooperative"),  
by and through its undersigned attorneys, files its application, pursuant to Arizona  
Administrative Code ("A.A.C.") R14-2-2418(B), for approval of its 2012 - 2013 Demand  
Side Management Plans and Energy Efficiency Implementation Plan, including a DSM  
Adjustment Tariff ("2012 - 2013 EE Plan"). Additionally Mohave respectfully requests a  
partial waiver of the Energy Efficiency Standard Rules and in particular the requirements of  
A.A.C. R14-2-2418(C) to the extent the cumulative energy efficiencies achieved under its  
approved 2012 - 2013 EE Plan.

The 2012 -2013 EE Plan sets forth ten Demand Side Management programs  
that are designed to achieve sustainable energy savings by the Cooperative's residential and  
commercial members/customers. The 2012 -2013 EE Plan requests the Commission: approve

1 the DSM programs set forth, quantify the amount of energy savings Mohave achieved  
2 between 2005 and 2010 that will be able to be applied commencing in 2015, provide Mohave  
3 flexibility in shifting EE funds between programs and waive the EE Standards to the extent  
4 not achieved by the approved 2012 -2013 EE Plan.

5           The 2012 -2013 EE Plan is not expected to be in effect until 2012. Therefore,  
6 no reduction in energy usage is projected for 2011. Mohave's 2012 -2013 EE Plan is  
7 projected to reduce energy usage by .522% in 2012 and by .967% in 2013. To achieve this  
8 level of energy reduction, this non-profit Cooperative and its member owners will be  
9 expending approximately \$540,000 annually in 2012 and 2013. A residential customer with  
10 monthly usage of 800 kWhs will pay \$7.68 annually regardless of whether he or she  
11 participates in any of the DSM programs. A member who invested his dollars, up front, to  
12 construct an energy efficient home will be contributing this amount annually to assist  
13 customers who did not do so (some by choice and some due to economic circumstances). As  
14 a non-profit member owned utility, there are no profits or return dollars to tap to pay for the  
15 DSM programs. The Cooperative believes that the foregoing level of investment by its  
16 members/customers is appropriate, especially at this time when the economic conditions  
17 within its service area are still severely depressed and when the Cooperative has a pending  
18 application for an adjustment in rates that is projected to go into effect in early 2012.

19           Under the EE Standards applicable to the Cooperative, Mohave is to achieve  
20 energy savings of 0.94% in 2011, 2.25% in 2012 and 3.75% in 2013. The Cooperative  
21 respectfully requests the Commission accept the level of investment on the DSM programs  
22 set forth in its 2012 – 2013 EE Plan and the resulting energy savings as reasonable and  
23 appropriate and waive the requirements of A.A.C. R14-2-2418(C) to the extent they are not  
24 achieved by the 2012 -2013 EE Plan.

25

1 All correspondence with regard to this Application should be sent to:

2 Michael A. Curtis, Esq.  
3 William P. Sullivan, Esq.  
4 Melissa A. Parham, Esq.  
5 Curtis, Goodwin, Sullivan,  
6 Udall & Schwab, P.L.C.  
7 501 East Thomas Road  
8 Phoenix, Arizona 85012  
9 Phone: (602) 393-1700  
10 Fax: (602) 393-1703  
11 E-mail: mcurtis401@aol.com  
12 wsullivan@cgsuslaw.com  
13 mparham@cgsuslaw.com

14 With a copy to:

15 Peggy Gillman  
16 Manager of Public Affairs and  
17 Energy Services  
18 P.O. Box 1045  
19 Bullhead City, Arizona  
20 Phone: 928-758-0575  
21 Fax: 92813  
22 E-mail: pgillman@mohaveelectric.com

23 WHEREFORE, Mohave Electric Cooperative, Incorporated respectfully  
24 requests the Arizona Corporation Commission:

- 25 1. Timely review and approve its 2012 – 2013 Demand Side  
Management Programs and Energy Efficiency Implementation Plan  
as fair and reasonable;
2. Authorize the implementation of the proposed DSM Adjustor of  
\$0.000799 per kWh to be applied to all of the Cooperative's Standard  
Offer Tariffs;

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25

- 3. Waive the provisions of the Energy Efficiency Standards and, in particular, the energy savings requirements of A.A.C. R14-2-2018(C) to the extent not achieved by the approved 2012 – 2013 Demand Side Management Programs and Energy Efficiency Implementation Plan; and
- 4. Grant such other relief as the Commission deems just and appropriate.

DATED this 1st day of June, 2011.

CURTIS, GOODWIN, SULLIVAN,  
UDALL & SCHWAB, P.L.C.

By: 

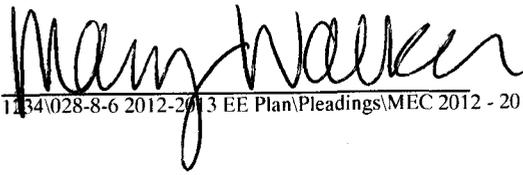
Michael A. Curtis  
William P. Sullivan  
Melissa A. Parham  
501 East Thomas Road  
Phoenix, Arizona 85012-3205  
Attorneys for Mohave Electric Cooperative,  
Incorporated

PROOF OF AND CERTIFICATE OF MAILING

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25

I hereby certify that on this 1<sup>st</sup> day of June, 2011, I caused the foregoing document to be served on the Arizona Corporation Commission by delivering the original and thirteen (13) copies of the above to:

Docket Control  
Arizona Corporation Commission  
1200 West Washington  
Phoenix, Arizona 85007



~~1134\028-8-6 2012-2013 EE Plan\Pleadings\MEC 2012 - 2012 EE Plan and Waiver 06 01 11~~

**Mohave Electric Cooperative, Inc.**  
**2012-2013 Demand Side Management Programs and**  
**Energy Efficiency Implementation Plan**

**Submitted by:**

**Peggy Gillman**

**Manager of Public Affairs and Energy Services**

**928-758-0575**

**[pgillman@mohaveelectric.com](mailto:pgillman@mohaveelectric.com)**

**June 1, 2011**

**TABLE OF CONTENTS**

**I. Character of MEC..... 3**

**II. The Energy Efficiency Standards ..... 4**

**III. Introduction and Program Portfolio Overview..... 5**

Existing Programs ..... 5

New Programs ..... 6

Request For Flexibility to Shift Funds Between Programs ..... 7

Goals & Objectives ..... 7

**IV. Energy Efficiency/Demand Side Management Programs ..... 8**

Residential Programs ..... 9

Commercial/Industrial Programs ..... 13

**V. Education and Outreach Support Programs ..... 14**

**VI. Research and Development ..... 15**

**VII. Program Administration/Management ..... 16**

**VIII. EE/DSM Plan Budget and Tariff ..... 16**

**Exhibits**

Exhibit 1 – Mohave Electric Cooperative Historical Usage Per Customer

Exhibit 2 – Mohave Electric Cooperative EE Plan Benefit/Cost Analysis

Exhibit 3 – Mohave Electric Cooperative EE Plan Budget/Estimated Operating Costs

Exhibit 4 – Mohave Electric Cooperative Comparison of Existing and Proposed Rates

Exhibit 5 – Mohave Electric Cooperative Projected Program Savings

**Appendices**

Appendix 1 – Demand Side Management Adjustment Tariff

**Mohave Electric Cooperative**  
**2012-2013 Demand Side Management Program and**  
**Energy Efficiency Implementation Plan**

As required by Arizona Corporation Commission (“ACC”) Decision No. 71819 and Arizona Administrative Code (“A.A.C.”) R14-2-2418 of the ACC’s Electric Energy Efficiency Standards (“EE Standards”), Mohave Electric Cooperative, Incorporated (“MEC”) submits its Energy Efficiency Implementation Plan for the Demand Side Management (“DSM”) Programs for calendar years 2012 through 2013 (2012 -2013 EE Plan). Simultaneously with docketing its 2012-2013 EE Plan, MEC is requesting a waiver of the energy efficiency requirements established by A.A.C. R14-2-2418 for the calendar years 2011 through 2013 and, in lieu thereof, requests the ACC approve its 2012-2013 EE Plan.

**I. Character of MEC**

MEC is a member-owned nonprofit rural electric distribution cooperative headquartered in Bullhead City, Arizona. MEC provides electric service to approximately 32,500 members in Mohave, Coconino, and Yavapai Counties. MEC owns and operates 109 miles of 69KV distribution lines and 1,375 miles of distribution lines. MEC employs approximately 80 employees and provides service to 27 meters per mile of line in its service territory.

MEC is presently a “partial requirements” wholesale power customer of the Arizona Electric Power Cooperative, Inc. (“AEPSCO”) and purchases additional wholesale resources from other market providers. In 2009, MEC delivered 670 gigawatt-hours in retail sales to its members. Retail sales in 2010 were 655 gigawatt-hours, representing a 2.24% reduction in retail sales from its 2009 level. MEC projects retail energy sales of 667 gigawatt-

hours in 2011, 674 gigawatt-hours in 2012 and 681 gigawatt-hours in 2013. MEC's retail energy sales in 2013 are projected to be just 1.64% (11 gigawatt-hours) above its 2009 retail sales. This equates to an average increase of 4/10ths of one percent (0.4%) annually from January 2010 through December 2013. The average monthly use by residential customers in MEC's service area has declined from 967 kWh in 2007 to 876 kWh or 9.3% over this recent 4 year period. In fact, average energy use has declined for every customer classification in MEC's service territory between 2007 and 2010 as set forth in Exhibit 1, Mohave Electric Cooperative Historical Usage Per Customer.

MEC's service territory has a high population of low income families, and fixed income seniors. The unemployment rate for the area is one of the highest in the state and approximately 11.5% percent of the population lives at or below the federal poverty level. These statistics point to the need for a balanced approach to energy efficiency and demand side management that looks at the impact of increasing energy costs and surcharges for members weighed against the cost and benefit of energy efficiency programs.

## **II. The Energy Efficiency Standards**

After almost a decade of discussions regarding demand side management, decoupling and energy efficiency the ACC approved the EE Standards by Decision No. 71819 dated August 12, 2010. After review and approval of Arizona's Attorney General, the EE Standards went into effect January 1, 2011. A.A.C. R14-2-2418 requires electric distribution cooperatives, like MEC, to design and file, on or before June 1, 2011 for ACC review and approval its one or two year implementation plan for each DSM program to be implemented or maintained during the next one or two years. The rule further requires the implementation plan set forth an energy

efficiency goal for each year of at least 75% of the savings requirement of an affected utility specified in R14-2-2404 and include the information required under R14-2-2405(B).

MEC has actively pursued cost effective DSM programs for a number of years. However, its current general rates and charges (approved by Decision No. 57127, dated November 29, 1990) do not include a DSM adjustor or funds specifically designed to fund DSM programs. Nor does MEC currently have any DSM tariff. Therefore, as part of its 2012 – 2013 EE Plan MEC is requesting ACC approval of a DSM adjustor, a DSM tariff and specific DSM programs. However, MEC does not anticipate that the programs it is proposing will enable it to meet the levels of energy efficiency required by the EE Standards as will be discussed more fully below and is requesting its 2012 – 2013 EE Plan substitute for the energy savings set forth in EE Standards.

### **III. Introduction and Program Portfolio Overview**

#### **Existing Situation/Programs**

MEC has not previously filed a Demand Side Management and Energy Efficiency Plan and does not have an approved DSM Surcharge. MEC's rates and charges were last approved in 1990 and no specific DSM programs were funded by the rates at that time. However, MEC has implemented and proposes to continue the following DSM programs:

- Free energy and lighting reviews
- High Efficiency Heat Pump Rebate
- Good Cents Energy Efficient New Home
- Shade Tree and CFL's (Operation Cool Shade and CFL giveaway)
- School and Community-based Energy Efficiency Education and Outreach

The foregoing programs are currently funded from General Funds and have been popular and effective with members interested in saving energy, as shown by the decrease in MEC's overall energy sales during the past three years. MEC also requests that the ACC quantify the amount of associated energy savings from existing programs since 2005 that can be used to set off the requirements of the new EE standards commencing in year 2015. Quantifying the amount of energy savings at this time will enable MEC to better plan its EE programs and avoid disputes in the future.

### **New Programs**

MEC is also requesting approval of the following new programs:

- Residential Energy Audits
- Residential CFL Program
- Residential Refrigerator and Freezer Recycling
- Residential Low Income Weatherization
- Commercial Lighting Incentive

A description of each program (existing and new) is found in Section IV of this 2012 - 2013 EE Plan.

MEC estimates a 2012-2013 EE Plan budget total of approximately \$540,000 per year funded by a proposed new Demand Side Management Surcharge of \$ 0.000799 per kWh based on forecasted retail sales. Budget details as well as a summary of portfolio energy savings and societal cost/benefits for each program are provided in Exhibit 2, Mohave Electric Cooperative EE Plan Benefit/Cost Analysis . The proposed budget includes surcharge funds used to pay a portion of administration, advertising and promotion of the EE and DSM Programs.

**Request for Flexibility to Shift EE Funds between Programs**

All programs will be available until the budget funds for the program are exhausted. However, MEC also seeks ACC authorization to shift approved EE Plan funds between programs, in order to increase budgets for programs in the 2012 - 2013 EE Plan where cost-effective. If this flexibility is approved, MEC will notify Staff of any plan to shift funds not less than 30 days prior to implementing the shift. If Staff notifies MEC in writing that it opposes the shift of funds, no shift will occur unless MEC first secures an order of the Commission authorizing the shift.

**Goals and Objectives**

MEC's goals and objectives for the 2012 - 2013 EE Plan are as follows:

- Implement cost-effective, sustainable energy efficiency programs within the scope of MEC's limited personnel, resources and budget.
- Secure approval of a reasonable DSM surcharge to fund existing and new DSM programs that provide opportunities for member participation.
- Increase the amount of energy savings that is already being demonstrated by members with programs that can be funded at a minimal cost and rate impact on members/rate payers.
- When possible, maximize opportunities for coordination of energy efficiency and DSM programs with other electric distribution cooperatives and investor owned utilities.

- Inform and educate members on ways to use energy more efficiently through behavior modification.
- Have the ACC recognize the reasonable progress toward the EE Standard proposed by the 2012 – 2013 EE Plan without placing an undue burden on MEC's members/ratepayers by granting MEC's request for waiver.

#### **IV. Energy Efficiency/Demand Side Management Programs**

The programs offered in MEC's EE Plan are: Residential and Commercial Energy Review Program, Residential Onsite Energy Audit Program, Residential and Commercial/Industrial Lighting Programs, High Efficiency Heat Pump Rebate, Residential Refrigerator/Freezer Recycling Program, Low Income Residential Weatherization Program, Operation Cool Shade Tree Program, Good Cents Energy Efficient New Home, and Education and Outreach Support.

##### **Residential Programs**

##### **1. Residential Energy Review and Energy Audit Program**

This program is a continuation of an existing energy review of member's usage provided by Cooperative staff, and an enhancement to the program that includes an incentive for an in depth energy audit performed by a third party qualified contractor. The program includes both phone support and onsite visits to the customer's location. The objective of the program is to gather information about the member's usage history and observations about the physical residence from an onsite visit, and provide recommendations and education so that the member is more informed about using energy wisely.

MEC representatives are scheduled to go to the member's home and perform an energy review that includes:

- Survey of HVAC system and ducts, doors, windows, window treatments and shading, thermostat, lighting, electric appliances.
- Review living habits and behavior affecting energy usage.
- Provide recommendations based on the information gathered.
- Distribute handouts on tips for using energy wisely.

Members may also request to schedule a more detailed energy audit performed by a qualified contractor. This program would provide a \$99 incentive toward the cost of the energy audit.

## **2. Residential Lighting Program**

MEC proposes this new program with the objective of promoting installation of energy efficient Compact Fluorescent Light bulbs (CFLs) in member homes. This program offers residential members an opportunity to reduce their energy consumption by purchasing CFLs from local retailers at discount pricing. MEC plans to arrange negotiated CFL pricing and participating retailers through an agreement with a third party implementation contractor.

The marketing and advertising of this program will be the responsibility of MEC. Coordination with retailers and tracking reports for member CFL purchases will be provided by the third party implementation contractor.

**3. Residential High Efficiency Heat Pump Rebate Program**

MEC has offered a high efficiency heat pump incentive program for more than ten years. During this time, the program has paid rebates using General Funds. MEC is requesting approval for continuation and modification of the program in its 2012 - 2013 EE Plan.

The objective of the program is to encourage improvements in residential heating and cooling equipment. The program will provide rebates based on kWh savings per ton achieved from replacing a less efficient system with a more efficient system in accordance with federal minimum efficiency standards.

The marketing, advertising and tracking of the program will be performed by MEC.

**4. Residential Refrigerator/freezer Recycling Program**

MEC is requesting approval for a new refrigerator/freezer recycling program. The program objective is to remove and recycle operating second refrigerators and freezers from member's homes. The intent is to produce long-term electric energy savings by permanently removing operating second appliances, as well as recycling them in an environmentally safe manner. MEC will also provide a rebate to members per unit recycled to incentivize participation in the program.

The marketing and advertising of this program will be the responsibility of MEC. A third party implementation contractor will manage the appliance pick up, recycling, and provide tracking of the energy savings associated with the program.

## **5. Residential Low Income Weatherization Program**

MEC is requesting approval for a program that assists low-income members in reducing energy use and lowering utility bills by funding the weatherization of eligible homes.

Weatherization measures include:

- Adding thermal insulation, usually in the attic.
- Shading sun-exposed windows.
- Implementing air leak control measures to reduce excessive infiltration of outside air.
- Testing, tuning and maintaining heating and cooling equipment.
- Reducing duct leakage where heating and central refrigerated air is distributed by a force air system.
- Installing low-flow showerheads and other general and water efficiency measures.

The program provides up to \$3,000 per eligible member residence for weatherization improvements in conjunction with the guidelines of the community action agency for MEC's service territory, Western Arizona Council of Governments ("WACOG"), a state approved weatherization agency. The program is administered by WACOG, which includes providing applications, determining eligibility based on income level at 150% of the federal poverty level, evaluation of residence for weatherization measures, labor, materials, and coordination with the Arizona Energy Office.

Reporting and tracking of energy savings is provided by WACOG and the Department of Energy through the Arizona Energy Office.

**6. Operation Cool Shade Tree Program**

MEC has offered Operation Cool Shade Tree program for six years and proposes to continue the program in its approved 2012- 2013 EE Plan. Under the program, members may purchase low cost, desert adapted shade trees to plant on the south, west, or east side of their homes to provide shading. Mature shade trees help reduce cooling load for MEC and reduce the member's electric bill.

The program further promotes energy savings by including a CFL bulb with each tree purchased.

Members receive information on planting trees with support from Mohave County Master Gardeners.

Tracking and reporting of the tree program and expected energy savings will be administered by MEC.

**7. Good Cents Energy Efficient New Home Program**

MEC has worked with members and contractors building new homes in the service territory since 1993 to promote energy efficiency in new construction. To attain Good Cents certification, the new home must meet the program requirements for energy efficiency and energy savings over the life of the home.

MEC requests approval for this program in its 2012 - 2013 EE Plan. Cooperative staff will administer the program including inspections to verify the conditions of the Good Cents

Certification Program, and tracking of energy savings. A Good Cents home also qualifies for MEC's High Efficiency Heat Pump Rebate Program described earlier.

### **Commercial/Industrial Programs**

#### **1. Commercial lighting discount light bulbs**

MEC proposes this new program with the objective of promoting installation of energy efficient Compact Fluorescent Light bulbs (CFLs) in member businesses. This program offers commercial members an opportunity to reduce their energy consumption by purchasing CFLs from local retailers at discount pricing. MEC plans to arrange negotiated CFL pricing and participating retailers through an agreement with a third party implementation contractor.

The marketing and advertising of this program will be the responsibility of MEC. Coordination with retailers and tracking reports for member CFL purchases will be provided by the third party implementation contractor.

#### **2. Small Commercial High Efficiency Heat Pump Rebate**

MEC has offered a high efficiency heat pump incentive program for more than ten years. During this time, the program has paid rebates using General Funds. MEC is requesting approval for continuation and modification of the program in its 2012 - 2013 EE Plan.

The objective of the program is to encourage improvements in small commercial heating and cooling equipment. The program will provide rebates based on kWh savings per ton achieved from replacing a less efficient system with a more efficient system in accordance with federal minimum efficiency standards.

The marketing, advertising and tracking of the program will be performed by MEC.

### **3. Commercial Lighting Program**

MEC requests approval of this new program to help commercial customers replace less efficient lighting with higher efficiency equipment. The program provides a rebate for the per watt savings associated with the lighting change, up to a maximum incentive amount per customer.

Administration of this program will be provided by MEC in coordination with the customer's contractor to provide the details of the lighting changes and the expected savings.

### **V. Education and Outreach Support Programs**

MEC has an established objective to promote and provide education about energy efficiency at schools and community meetings in MEC's service territory.

The programs are facilitated by an MEC representative who attends school and community events such as school science fairs, chamber of commerce meetings, and various civic group meetings, seminars and workshops. The programs provide education to attendees about various energy saving tools including MEC's approved EE programs, Together We Save available at the co-op's website, brochures describing low-cost/no cost energy saving tips, and age-appropriate learning activities for children.

MEC requests approval for continuation of education and outreach programs in its 2012-2013 EE Plan.

## **VI. Research and Development**

MEC is committed to encouraging members to participate in the proposed programs described in its 2012 - 2013 EE Plan. During the two years encompassed by the Plan, MEC intends to look for opportunities to improve programs, or offer additional energy saving programs that are cost-effective for possible implementation in MEC's future EE Implementation Plans.

To meet this objective, MEC requests approval for a research and development budget in the amount of 5% of its total 2012-2013 EE Plan Budget.

## **VII. Program Administration and Management**

MEC will serve as the overall program administrator for the proposed EE and DSM programs in its 2012 - 2013 EE Plan. MEC plans to implement programs through a combination of third-party implementation contractors and utility staff to achieve a cost-effective result.

MEC will self-monitor its programs as well as require reporting from third party implementation contractors and DOE approved weatherization partners.

Advertising and promotion will be broad based including bill inserts and newsletters; media outlets, such as television, radio and print ads, and press releases on local stations and publications; website support; posters and counter cards displayed at MEC's Member Service Office; and through participation at local community events.

MEC will comply with required report and plan filings pursuant to R14-2-2405 and R14-2-2409.

## **VIII. EE/DSM Budget and Tariff**

### **EE Plan Budget**

MEC estimates a 2012-2013 EE Plan Budget Total of approximately \$538,778 annually for 2012 and \$543,906 for 2013. A detailed budget, by program, can be found in the attached Exhibit 3, Mohave Electric Cooperative EE Plan Budget. It is anticipated that the DSM surcharge required to implement the 2012 EE Plan will be \$0.000799 per kWh based on forecasted retail sales. Exhibit 4, Mohave Electric Cooperative Comparison of Existing and Proposed Rates summarizes the average impact on members with proposed EE Plan Budget and DSMS.

Energy savings projections associated with the proposed 2012 – 2013 EE Plan, pursuant to the EE Standards, are anticipated to total 2,364,469 kWh savings in 2012 (or .351% of MEC's projected kWh sales) and 4,764,980 kWh accumulated savings in 2013 (or .700% of MEC's projected kWh sales). The savings, by EE and DSM Program is attached as Exhibit 5, Mohave Electric Cooperative Projected Savings. Mohave is requesting the EE Standards established by A.A.C. R14-2-2418 be waived to the extent greater than those achieved under its approved 2012 – 2013 EE Plan.

As noted, MEC is requesting flexibility be built into the 2012 – 2013 EE Plan to allow it to shift DSM funds between programs. MEC will provide Staff with not less than 30 days written notice of its intent to shift DSM funds between programs and, if Staff objects in writing within 30 days of the notification being docketed, MEC will not make the shift unless authorized to do so by Commission order.

**EE Plan Tariff**

Mohave is requesting authority to implement a DSM Adder of \$ 0.000799 per kWh for all energy it sells under its Standard Offer Rates to fund its 2012 – 2013 EE Plan. The DSM Adjustment tariff Mohave proposes is attached in Appendix 1.

## Exhibit 1

# Mohave Electric Cooperative Historical Usage Per Customer

**MOHAVE ELECTRIC COOPERATIVE, INC.**

**HISTORICAL USAGE PER CUSTOMER**

	2007	2008	2009	2010
<b><u>Actual</u></b>				
Residential	967	914	897	876
Irrigation	21,240	19,998	17,883	15,588
Commercial < 350 kV	2,691	2,579	2,527	2,494
Commercial > 350 kV	130,673	128,271	122,352	110,821
Lighting	2,292	2,292	2,292	2,263
<b><u>Growth Rate</u></b>				
Residential	-5.49%	-1.81%	-2.39%	
Irrigation	-5.85%	-10.58%	-12.83%	
Commercial < 350 kV	-4.17%	-2.01%	-1.34%	
Commercial > 350 kV	-1.84%	-4.61%	-9.42%	
Lighting	0.01%	0.00%	-1.30%	

## Exhibit 2

# Mohave Electric Cooperative EE Plan Benefit/Cost Analysis

**MOHAVE ELECTRIC COOPERATIVE  
2012-2013 DSM EE PLAN BENEFIT/COST ANALYSIS**

Assumptions	
Projected 2012 Electricity Sales (kWh)	673,998,240
Projected 2013 Electricity Sales (kWh)	680,733,816

	Total Program Budget (2012)	Total Program Budget (2013)	Customer Participation	Baseline kWh	Annual Savings (kWh)	Societal Benefits	Societal Costs	Societal Test
<b>EE/DSM Programs</b>	\$ 512,645.87	\$ 523,959.43	10,671		2,364,469	\$ 1,230,760	\$ 497,714	2.47
Residential Lighting	\$ 32,203.82	\$ 32,555.17	3,483		657,423	\$ 120,815.07	\$ 31,265.84	3.86
Residential Refrigerator	\$ 45,353.70	\$ 45,933.30	313		379,356	\$ 151,875.12	\$ 44,032.72	3.45
Good Cents EE New Homes	\$ 172.50	\$ 345.00	1		722	\$ 989.54	\$ 167.48	5.91
High Efficiency Heat Pumps	\$ 57,500.00	\$ 63,250.00	200		144,359	\$ 197,908.64	\$ 55,825.24	3.55
Operation Cool Shade	\$ 5,290.00	\$ 5,290.00	2,500		243,000	\$ 230,252.10	\$ 5,135.92	44.83
Educational Programs	\$ 1,060.88	\$ 1,060.88	750		75,799	\$ 17,570.29	\$ 1,029.98	17.06
CFL Give-aways	\$ 4,000.00	\$ 4,000.00	2,700		127,408	\$ 23,413.77	\$ 3,883.50	6.03
Weatherization	\$ 350,784.30	\$ 354,622.04	104		278,435	\$ 362,130.03	\$ 340,567.28	1.06
Residential Energy Audits	\$ 11,442.50	\$ 12,014.63	50		26,790	\$ 34,842.82	\$ 11,109.22	3.14
Commercial Lighting (1)	\$ 3,513.48	\$ 3,550.46	380		313,122	\$ 66,056.75	\$ 3,411.15	19.36
Commercial Lighting (2)	\$ 1,324.69	\$ 1,337.95	190		118,056	\$ 24,905.88	\$ 1,286.11	19.37
<b>Administrative Adder</b>	\$ 25,632	\$ 19,447					Not applicable	
<b>Research and Development</b>	\$ 500	\$ 500					Not applicable	
<b>Total Operating Cost</b>	\$ 538,778	\$ 543,906	10,671	673,998,240	2,364,469	\$ 1,230,760	\$ 497,714	2.47

Estimated Environmental Impact	2012	2013
CO2	4,360,082	4,426,542
SO2	8,086	8,210
Nox	12,295	12,483
<b>Total</b>	4,380,463	4,447,235

## Exhibit 3

# Mohave Electric Cooperative EE Plan Budget/Estimated Operating Costs

**MOHAVE ELECTRIC COOPERATIVE, INC.**

**ESTIMATED OPERATING COSTS**

	<u>2012</u>	<u>2013</u>
Residential Lighting	\$ 32,203.82	\$ 32,555.17
Residential Refrigerator	\$ 45,353.70	\$ 45,933.30
Good Cents EE New Homes	\$ 172.50	\$ 345.00
High Efficiency Heat Pumps	\$ 57,500.00	\$ 63,250.00
Operation Cool Shade	\$ 5,290.00	\$ 5,290.00
Educational Programs	\$ 1,060.88	\$ 1,060.88
CFL Give-aways	\$ 4,000.00	\$ 4,000.00
Weatherization	\$ 350,784.30	\$ 354,622.04
Residential Energy Audits	\$ 11,442.50	\$ 12,014.63
Commercial Lighting (1)	\$ 3,513.48	\$ 3,550.46
Commercial Lighting (2)	\$ 1,324.69	\$ 1,337.95
Subtotal	\$ 512,645.87	\$ 523,959.43
Research & Development Adder	5%	4%
Research Programs	\$ 25,632.29	\$ 19,446.91
General Admin Adder	\$ 500.00	\$ 500.00
Total Costs	\$ 538,778.16	\$ 543,906.34

## Exhibit 4

# Mohave Electric Cooperative Comparison of Existing and Proposed Rates

**MOHAVE ELECTRIC COOPERATIVE, INC.**

**COMPARISON OF EXISTING AND PROPOSED RATES  
RESIDENTIAL SERVICE**

kWh Usage	Monthly * Cust	Existing		Proposed		Change	
		Rate	Rate	Rate	Rate	\$	%
Service Charge		\$9.50	\$9.50	\$9.50	\$9.50	\$0.00	0.00%
Energy Charge, per kWh							
First 400		\$0.083190	\$0.083190	\$0.083190	\$0.083190	\$0.000000	0.00%
Next 600		\$0.083190	\$0.083190	\$0.083190	\$0.083190	\$0.000000	0.00%
Over 1,000		\$0.083190	\$0.083190	\$0.083190	\$0.083190	\$0.000000	0.00%
PPCA Factor		\$0.025540	\$0.025540	\$0.025540	\$0.025540	\$0.000000	0.00%
Proposed DSM Factor		\$0.000000	\$0.000000	\$0.000799	\$0.000799	\$0.000799	#DIV/0!
0	995	\$9.50	\$9.50	\$9.50	\$9.50	\$0.00	0.00%
100	2,881	\$20.37	\$20.45	\$20.45	\$20.45	\$0.08	0.39%
200	2,664	\$31.25	\$31.41	\$31.41	\$31.41	\$0.16	0.51%
400	5,100	\$52.99	\$53.31	\$53.31	\$53.31	\$0.32	0.60%
800	8,824	\$96.48	\$97.12	\$97.12	\$97.12	\$0.64	0.66%
1,000	3,102	\$118.23	\$119.03	\$119.03	\$119.03	\$0.80	0.68%
2,000	8,366	\$226.96	\$228.56	\$228.56	\$228.56	\$1.60	0.70%
3,000	2,577	\$335.69	\$338.09	\$338.09	\$338.09	\$2.40	0.71%
5,000	734	\$553.15	\$557.15	\$557.15	\$557.15	\$4.00	0.72%
8,000	54	\$879.34	\$885.73	\$885.73	\$885.73	\$6.39	0.73%
Over	7						
<b>877 Average</b>		<b>\$104.86</b>	<b>\$105.56</b>	<b>\$105.56</b>	<b>\$105.56</b>	<b>\$0.70</b>	<b>0.67%</b>
<b>655 Median</b>		<b>\$80.72</b>	<b>\$81.24</b>	<b>\$81.24</b>	<b>\$81.24</b>	<b>\$0.52</b>	<b>0.65%</b>

\* Customers with usage from the previous block to this block

**MOHAVE ELECTRIC COOPERATIVE, INC.**

**COMPARISON OF EXISTING AND PROPOSED RATES  
SMALL COMMERCIAL - ENERGY**

kWh Usage	Monthly * Cust	Existing Rate	Proposed Rate	Change	
				\$	%
Service Charge		\$12.00	\$12.00	\$0.00	0.00%
Energy Charge, per kWh		\$0.081600	\$0.081600	\$0.000000	0.00%
PPCA Factor		\$0.025540	\$0.025540	\$0.000000	0.00%
Proposed DSM Factor		\$0.000000	\$0.000799	\$0.000799	#DIV/0!
0	187	\$12.00	\$12.00	\$0.00	0.00%
100	353	\$22.71	\$22.79	\$0.08	0.35%
200	262	\$33.43	\$33.59	\$0.16	0.48%
400	442	\$54.86	\$55.18	\$0.32	0.58%
800	613	\$97.71	\$98.35	\$0.64	0.65%
1,000	211	\$119.14	\$119.94	\$0.80	0.67%
2,000	599	\$226.28	\$227.88	\$1.60	0.71%
3,000	276	\$333.42	\$335.82	\$2.40	0.72%
5,000	216	\$547.70	\$551.70	\$4.00	0.73%
8,000	70	\$869.12	\$875.51	\$6.39	0.74%
Over	13				
<b>1,117 Average</b>		<b>\$131.68</b>	<b>\$132.57</b>	<b>\$0.89</b>	<b>0.68%</b>
<b>608 Median</b>		<b>\$77.14</b>	<b>\$77.63</b>	<b>\$0.49</b>	<b>0.63%</b>

\* Customers with usage from the previous block to this block

**MOHAVE ELECTRIC COOPERATIVE, INC.**

**COMPARISON OF EXISTING AND PROPOSED RATES  
SMALL COMMERCIAL - DEMAND**

Load Factor	Billing kW	kWh	Existing Rate	Proposed Rate	Change	
					\$	%
Customer Charge			\$25.00	\$25.00	\$0.00	0.00%
Demand Charge, per Billing kW > 3 kW			\$8.25	\$8.25	\$0.00	0.00%
Energy Charge, per kWh			\$0.053740	\$0.053740	\$0.000000	0.00%
PPCA Factor			\$0.025540	\$0.025540	\$0.000000	0.00%
DSM Factor			\$0.000000	\$0.000799	\$0.000799	#DIV/0!

**Sample Monthly Billing**

20%	15.00	2,190	\$322.37	\$324.12	\$1.75	0.54%
40%	15.00	4,380	\$496.00	\$499.50	\$3.50	0.71%
60%	15.00	6,570	\$669.62	\$674.87	\$5.25	0.78%
80%	15.00	8,760	\$843.24	\$850.24	\$7.00	0.83%
20%	50.00	7,300	\$1,016.24	\$1,022.08	\$5.83	0.57%
40%	50.00	14,600	\$1,594.99	\$1,606.65	\$11.67	0.73%
60%	50.00	21,900	\$2,173.73	\$2,191.23	\$17.50	0.80%
80%	50.00	29,200	\$2,752.48	\$2,775.81	\$23.33	0.85%
20%	500.00	73,000	\$9,937.44	\$9,995.77	\$58.33	0.59%
40%	500.00	146,000	\$15,724.88	\$15,841.53	\$116.65	0.74%
60%	500.00	219,000	\$21,512.32	\$21,687.30	\$174.98	0.81%
80%	500.00	292,000	\$27,299.76	\$27,533.07	\$233.31	0.85%
20%	1,000.00	146,000	\$19,849.88	\$19,966.53	\$116.65	0.59%
40%	1,000.00	292,000	\$31,424.76	\$31,658.07	\$233.31	0.74%
60%	1,000.00	438,000	\$42,999.64	\$43,349.60	\$349.96	0.81%
80%	1,000.00	584,000	\$54,574.52	\$55,041.14	\$466.62	0.86%
46%	34.14	11,391	\$1,209.73	\$1,218.83	\$9.10	0.75%

**MOHAVE ELECTRIC COOPERATIVE, INC.**

**COMPARISON OF EXISTING AND PROPOSED RATES  
LARGE COMMERCIAL & INDUSTRIAL**

L.F.	Billing kW	kWh	Existing Rate	Proposed Rate	Change	
					\$	%
	Customer Charge		\$70.00	\$70.00	\$0.00	0.00%
	Demand Charge, per Billing kW		\$9.75	\$9.75	\$0.00	0.00%
	Energy Charge, per kWh		\$0.045580	\$0.045580	\$0.000000	0.00%
	PPCA Factor		\$0.025540	\$0.025540	\$0.000000	
	DSM Factor		\$0.000000	\$0.000799	\$0.000799	#DIV/0!

**Sample Monthly Billing - No Discounts**

20%	25.00	3,650	\$573.34	\$576.25	\$2.92	0.51%
40%	25.00	7,300	\$832.93	\$838.76	\$5.83	0.70%
60%	25.00	10,950	\$1,092.51	\$1,101.26	\$8.75	0.80%
80%	25.00	14,600	\$1,352.10	\$1,363.77	\$11.67	0.86%
20%	500.00	73,000	\$10,136.76	\$10,195.09	\$58.33	0.58%
40%	500.00	146,000	\$15,328.52	\$15,445.17	\$116.65	0.76%
60%	500.00	219,000	\$20,520.28	\$20,695.26	\$174.98	0.85%
80%	500.00	292,000	\$25,712.04	\$25,945.35	\$233.31	0.91%
20%	1,000.00	146,000	\$20,203.52	\$20,320.17	\$116.65	0.58%
40%	1,000.00	292,000	\$30,587.04	\$30,820.35	\$233.31	0.76%
60%	1,000.00	438,000	\$40,970.56	\$41,320.52	\$349.96	0.85%
80%	1,000.00	584,000	\$51,354.08	\$51,820.70	\$466.62	0.91%
20%	5,000.00	730,000	\$100,737.60	\$101,320.87	\$583.27	0.58%
40%	5,000.00	1,460,000	\$152,655.20	\$153,821.74	\$1,166.54	0.76%
60%	5,000.00	2,190,000	\$204,572.80	\$206,322.61	\$1,749.81	0.86%
80%	5,000.00	2,920,000	\$256,490.40	\$258,823.48	\$2,333.08	0.91%
60%	282.55	123,650	\$11,618.85	\$11,717.65	\$98.80	0.85%

## Exhibit 5

# Mohave Electric Cooperative Projected Program Savings

**MOHAVE ELECTRIC COOPERATIVE, INC.**

**PROJECTED PROGRAM SAVINGS**

2011                      2012                      2013

**REDUCTION IN KWH USAGE - BASED ON COMMISSION REPORTING REQ**

Savings from Historical Existing Programs

As Allocated

Accumulated Savings from New Programs

Residential Lighting	657,423	1,322,019	
Residential Refrigerator	379,356	763,560	
Good Cents EE New Homes	722	2,165	
High Efficiency Heat Pumps	144,359	303,154	
Operation Cool Shade	243,000	486,000	
Educational Programs	75,799	151,597	
CFL Give-aways	127,408	254,815	
Weatherization	278,435	559,916	
Residential Energy Audits	26,790	54,920	
Commercial Lighting (1)	313,122	629,540	
Commercial Lighting (2)	118,056	237,294	
Total New	2,364,469	4,764,980	
Total Savings	2,364,469	4,764,980	

## Appendix 1

### Demand Side Management Adjustment Tariff

**MOHAVE ELECTRIC COOPERATIVE, INC.**

1999 Arena Drive

Bullhead City, Arizona 86442

Filed By: J. Tyler Carlson

Title: CEO/General Manager

Effective Date: \_\_\_\_\_

Page 1

**BILLING ADJUSTMENTS AND ADDERS  
SCHEDULE A**

---

**Application**

The Cooperative shall include the following adjustments and adders to the charges computed under all of its Standard Offer Tariffs:

**Demand Side Management (DSM) Programs; DSM Adjustment Mechanism**

The Cooperative shall recover its cost for pre-approved DSM programs through a separate DSM adjustment mechanism which shall provide for a separate and specific accounting for pre-approved DSM costs.

Amount: \$0.000799