

ORIGINAL

NEW APPLICATION



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BEFORE THE ARIZONA CORPORATION

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2011 JUN -1 P 4: 39

AZ CORP COMMISSION
DOCKET CONTROL

E-01787A-11-0229

IN THE MATTER OF NAVOPACHE
ELECTRIC COOPERATIVE, INC.
REQUEST FOR APPROVAL OF ITS 2012 -
2013 ELECTRIC ENERGY EFFICIENCY
PLAN, INCLUDING NEW DEMAND SIDE
MANAGEMENT PROGRAMS AND
DEMAND SIDE MANAGEMENT ADDER;
REQUEST FOR PARTIAL WAIVER
PURSUANT TO THE ENERGY
EFFICIENCY STANDARD RULES

DOCKET NO. E-01787A-11-

APPLICATION AND
REQUEST FOR PARTIAL
WAIVER

Arizona Corporation Commission

DOCKETED

JUN -1 2011

DOCKETED BY [signature]

Navopache Electric Cooperative, Inc. ("Navopache" or the "Cooperative"), by and through its attorneys, files its 2012 - 2013 Electric Energy Efficiency Implementation Plan (2012 - 2013 EE Plan), pursuant to Arizona Administrative Code ("A.A.C.") R14-2-2418(B), including energy efficiency and demand side management programs and a demand side management adder. Navopache requests the Arizona Corporation Commission review and approve the 2012 - 2013 EE Plan, including the programs and adder set forth therein. In addition Navopache respectfully requests a partial waiver of the Energy Efficiency Standard Rules and in particular the requirements of A.A.C. R14-2-2418(C).

Navopache's 2012 - 2013 EE Plan includes eleven energy efficiency and demand side management programs for its residential and commercial member/customers. The 2012 - 2013 EE Plan is expected to be effective in late 2011 or early 2012. The 2012 -

1 2013 EE Plan is projected to reduce energy usage by 0% during 2011, by .522% in 2012 and
2 cumulatively by .967% in 2013. To achieve this level of energy reduction, this non-profit
3 Cooperative and its member owners will be expending \$185,248 annually. A residential
4 customer with average monthly usage (500 kWh) will pay \$2.60 annually regardless of
5 whether he or she participates in any of the DSM programs. A member who invested his
6 dollars, up front, to construct an energy efficient home will be contributing this amount
7 annually to assist customers who did not do so (some by choice and some due to economic
8 circumstances). As a non-profit member owned utility, there are no profits or return dollars
9 to tap to pay for the DSM programs. The Cooperative believes that the foregoing level of
10 investment by its members/customers is appropriate, especially at this time when the
11 economic conditions within its service area are still severely depressed and when the
12 Cooperative has a pending request for a rate adjustment that is expected to go into effect in
13 early to mid-2012.

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

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

21 Michael A. Curtis, Esq.
22 William P. Sullivan, Esq.
23 Melissa A. Parham, Esq.
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6 With a copy to:

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13 E-mail: dplumb@navopache.org

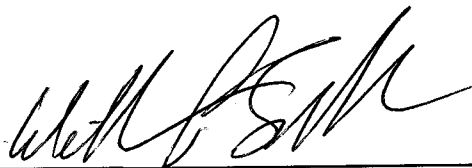
14 WHEREFORE, Navopache Electric Cooperative, Incorporated respectfully
15 requests the Arizona Corporation Commission:

- 16 1. Timely review and approve its 2012 – 2013 Electric Energy
17 Efficiency Implementation Plan as fair and reasonable;
- 18 2. Authorize the implementation of the proposed DSM Adjustor of
19 \$0.0004333 per kWh to be applied to all of the Cooperative's
20 Standard Offer Tariffs;
- 21 3. Waive the provisions of the Energy Efficiency Standards and, in
22 particular, the energy savings requirements of A.A.C. R14-2-2018(C)
23 to the extent not achieved under the approved 2012 – 2013 Electric
24 Energy Efficiency Implementation Plan; and
- 25 4. Grant such other relief as the Commission deems just and
appropriate.

1 DATED this 1st day of June, 2011.

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

4
5
6 By:



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PROOF OF AND CERTIFICATE OF MAILING

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I hereby certify that on this 1st 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

Mary Walker

Navopache Electric Cooperative, Inc.

2012-2013

Electric Energy Efficiency

Implementation Plan

A.A.C. R14-2-2405

June 1, 2011

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Exhibit 2 - Navopache Electric Cooperative EE Estimated Operating Costs/Budget

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Appendix 1 – Demand Side Management Adder

I. Background

The Arizona Corporation Commission (“Commission”) approved the Electric Energy Efficiency Standards (“EE Standards”) in Decision No. 71819 dated August 12, 2010. Among other things, the EE Standards require that an Electric Distribution Cooperative, such as Navopache Electric Cooperative (“Navopache”), file an implementation plan that sets 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 shall include the information required under R14-2-2405(B).

Navopache has on file a Public Benefits Charge (PBC). We would propose to eliminate the PBC and replace it with an Energy Efficiency Plan Tariff.

The EE Standards contain a section that specifically addresses compliance by electric power cooperatives. R14-2-2418 instructs the cooperatives that on June 1 of each odd year, or annually at its election, it shall “file with Docket Control, for Commission review and approval, an implementation plan for each DSM program to be implemented or maintained during the next one or two calendar years, as applicable.” An electric distribution cooperative shall comply with the requirements of this Section instead of meeting the requirements of R14-2-2404(A) and (B) and R14-2-2405(A).

Pursuant to the EE Standards, Navopache submits this Electric Energy Efficiency Implementation Plan for calendar years 2012-2013 (the “2012-2013 EE Plan”).

II. Program Portfolio Overview

Navopache proposes to offer Energy Efficiency (“EE”) and DSM programs. Those programs are:

Energy Efficiency (EE) Programs:

For Residential Members:

Residential CFL Lighting Program

Residential Refrigerator Program

Residential Energy Audit Program

Time of Use Rates

Weatherization Loans to Members

NACOG Low-Income Weatherization Program

For Commercial Members:

Commercial Retro-Fit Rebate Program (Commercial Lighting 2)

Commercial CFL Lighting Program (Commercial Lighting 1)

Time of Use Rates

Demand Side Management (DSM) Programs:

ETS Off-Peak Heater Program

Water Heater Load Control Program

Exhibit 1 entitled "Navopache Electric Cooperative 2012-2013 EE Plan Benefit/Cost Analysis" sets forth a summary of the societal cost/benefit ratios as well as the energy and environmental savings associated with each program included in Navopache's Program Portfolio.

Navopache's 2012-2013 EE Plan goals and objectives are as follows:

- Implement EE and DSM programs that are the most cost-effective and maintainable given Navopache's limited personnel, resources and budget.

- Expand Navopache's EE and DSM Program Portfolio to ensure the highest possible participation by its customers while balancing Navopache's need to minimize additional rate costs for customers against meeting the EE Standards.
- Look for ways to coordinate current and future EE and DSM program opportunities with other electric distribution cooperatives and investor owned utilities.
- Educate customers on how to better conserve energy usage through behavior modifications and other energy conservation measures.

Navopache will use surcharge dollars collected from its Energy Efficiency Plan Tariff to fund its EE Plan programs. Funds will also be used to pay for a portion of the administration, advertising and promotion of the EE and DSM Programs.

III. Energy Efficiency/Demand Side Management Programs

There are eleven programs that make up the EE and DSM portion of Navopache's EE Plan, which include: the Residential and Commercial/Industrial Lighting Programs, Refrigerator/Freezer Recycling Program, Residential Energy Audit Program, Weatherization Loans and NACOG Low-Income Weatherization Program, Residential and Commercial Time of Use Rate Programs, and the existing DSM programs.

As part of Navopache's Program Portfolio, promotion, education and outreach to Navopache customers will be provided. Each of the EE and DSM Programs is discussed in greater detail below.

A. Residential Customer Programs

Residential Energy Audit Program:

This program provides on-site residential home energy audits for customers. The purpose of this program is to provide specific information relating to a customer's energy usage to enable the customer to make educated decisions relating to how he/she can conserve energy.

An energy auditor will go to the customer's home and, at a minimum:

- Conduct an analysis of the home's thermal envelope
- Survey the electric appliances
- Review the living habits of all occupants
- Provide appropriate recommendations based on the results of the audit
- Distribute several pieces of energy efficiency-related materials for the customer to review

This program will continue to be marketed and advertised by Navopache, with audits conducted by a third party implementation contractor. Should the interest in this program grow to levels sufficient to justify additional Navopache employees, the program will come in house.

High bill complaints will be followed-up with a phone call with energy efficiency suggestions.

This program will be available until such time as the budget for the program is exhausted.

Residential Lighting Program

This program will promote the installation of high-efficiency Compact Fluorescent Light bulbs (CFLs) in homes within the Navopache service territory. The program will negotiate discount pricing from CFL manufactures and retailers (up-stream buy-down), and provide for distribution of CFLs through local retailers. Customers will be referred to participating retailers to purchase qualifying CFLs, and the discount pricing will be passed on to Navopache's customers through a negotiated agreement with lighting manufactures and retailers.

This program will be marketed and advertised primarily by Navopache, but the overall administration of the program, which includes working with local retailers to administer the programs as well as tracking the purchases of the CFLs by Navopache customers and providing Navopache with detailed reports of CFLs purchased, will be managed by a third party implementation contractor.

This program will be available until such time as the budget for the program is exhausted.

Residential Refrigerator/Freezer Recycling Program

This program will remove cost-effectively old refrigerators and freezers from customer's homes. Further, these refrigerators and freezers will be recycled responsibly through a process that captures all the hazardous materials (including CFC-11 and CFC-12, oils, PCBs, mercury) and recycles as much material as possible (>95%).

This program will be marketed and advertised primarily by Navopache, but the appliance pickup and recycling services, as well as the tracking of the

appliances recycled and the savings associated with such recycling, will be managed by a third party implementation contractor. Navopache will also provide a rebate to its customers per unit recycled to incentivize participation in the program.

Rebates will be provided until such time as the budget for the program is exhausted.

Residential Time of Use (TOU) Program

This is an existing program, approved by the Commission as a part of Navopache's existing rates, and is available pursuant to Navopache's Residential Time of Use Service Schedules, a copy of which is attached hereto.

Residential Weatherization Loans

This is an existing program where Navopache loans members money to make their home more energy efficient. The loans are 5 year loans at 5% interest. The member can use the loan to increase insulation, install new windows and doors in existing homes that are not energy efficient, and replace older less efficient heating systems.

NACOG Weatherization Program

This program plans to provide approximately \$10,000 annually to the NACOG Weatherization program. The goal of this program is to improve energy efficiency in homes in the Navopache service area by assisting low-income

residents in reducing energy use and lowering their utility bills by implementing year-round weatherization measures. This program is provided at no cost to eligible customers.

While final details are yet to be completed, it is anticipated that applicants will contact NACOG for an application. Eligible applicants must have a household income less than 150 percent of the federal poverty level. Program participation is subject to funding availability.

NACOG representatives determine the work needed and install weatherization measures on approved homes and structures, including:

- Caulking & weather-stripping
- Insulation (attic, wall, & duct)
- Water heater insulation & exposed pipe wrap
- Attic ventilation
- Sunscreens
- Painting of roof & exposed ducts white
- Servicing evaporative coolers
- Replace evaporative coolers or motors with two-speed motors
- Planting of trees on south/west exposures
- Installation of evaporative cooler thermostat
- Installation of low-flow shower heads

B. Commercial/Industrial Programs

Commercial Retro-fit Rebate Program

This program will promote the replacement of less efficient lighting with Environmental Protection Agency / Department of Energy (“DOE”) Energy Star approved lighting in commercial/industrial businesses within the Navopache service territory. The program will provide a rebate for the per Watt savings associated with the replacement of the less efficient lighting with more energy efficient lighting up to a maximum amount per customer.

This program will be managed primarily by Navopache, with the possibility of some program management assistance to be provided by a third party implementation contractor.

This program will be available until such time as the budget for the program is exhausted.

Commercial CFL Lighting Program

This program will promote the replacement of less efficient light bulbs with more efficient light bulbs in commercial/industrial businesses within the Navopache service territory, such as replacing incandescent light bulbs with compact fluorescent light bulbs (CFLs) or replacing CFLs with Light Emitting Diode (LED) lights. The program will negotiate discount pricing from qualifying light bulb manufactures and retailers (up-stream buy-down), and provide for distribution of qualifying light bulbs through local retailers. Customers will be referred to participating retailers to purchase qualifying light bulbs, and the discount

pricing will be passed on to Navopache's customers through a negotiated agreement with lighting manufacturers and retailers.

This program will be marketed and advertised primarily by Navopache, but the overall administration of the program, which includes working with local retailers to administer the programs as well as tracking the purchases of the qualifying light bulbs by Navopache customers and providing Navopache with detailed reports of such light bulbs purchased, will be managed by a third party implementation contractor.

Program will be available until such time as the budget for the program is exhausted.

General Service Time of Use (TOU) Program

This is an existing program, approved by the Commission, available pursuant to Navopache's Commercial Time of Use Schedules.

IV. Support Programs

Load Control Program

This is an existing program, which has been operated by Navopache for many years and consists of two methods or programs used to reduce peak load.

ETS Storage Program

This program consists of rebates and no-cost heat loss studies to assist members in sizing ETS heaters to meet their needs and estimated operating cost for heating seasons. In return, the equipment is installed in such a manner that the electric heating is never operated on the cooperative's peak. The intent is to control demand in such a way as to reduce the electric peak load that would otherwise be on the cooperative's winter monthly peaks.

Water Heater Load Control Program

This program consists of rebates and timer that ensure that participating water heaters will not be operated on the cooperative's peak during any month. The intent is to control demand in such a way as to reduce the electric peak load that would otherwise be on the cooperative's monthly peaks.

V. Program Administration/Management

Program Monitoring: Each of the aforementioned EE and DSM Programs will be monitored and evaluated on at least a bi-annual basis. Such program monitoring will include, but is not limited to:

- Follow-up surveys with customers regarding any changes that may/may not have been made to energy usage using information provided by Navopache
- Review of analysis provided by third party implementation contractors providing assistance with management of EE and DSM Programs

Reporting and Plan Development: On or before June 1 of each odd year, Navopache will file an implementation plan for the next two calendar years, as required pursuant to R14-2-2405. By March 1 and September 1 of each year, Navopache will file the required reports pursuant to R14-2-2409.

Advertising and Promotion: The advertising for Navopache's EE Plan includes a variety of mediums, including, but not limited to: bill inserts and ads/stories in monthly newsletters; counter cards and posters; paid ads in local newspapers; paid ads on rural radio stations; participation at local events, such as cooperative annual meetings and county fairs; and an EE/DSM program promotional presence on the Navopache website.

VI .EE Plan Budget and Tariff

EE Plan Budget: Navopache's EE Plan includes an EE surcharge energy rate of \$0.000433/kWh, which results in total annual dollars to fund the EE and DSM Programs of \$185,631.17. A more detailed budget, by program, is attached as Exhibit 2 entitled "Navopache Electric Cooperative Estimated Operating Costs/Budget".

Based on the programs proposed under Navopache's 2012-2013 EE Plan and how the savings associated with existing EE and DSM programs can be counted pursuant to the EE Standards, Navopache anticipates that its EE and DSM programs will provide a total of 2,235,708 kWh savings or 0.5252% of Navopache's projected 2011 kWh sales.

EXHIBIT 1
BENEFIT/COST ANALYSIS

EXHIBIT 1

**NAVAPACHE ELECTRIC COOPERATIVE
2012 EE PLAN BENEFIT/COST ANALYSIS**

Assumptions	
Projected 2012 Electricity Sales (kWh)	428,942,592
Projected 2013 Electricity Sales (kWh)	433,743,780

	Total Program Budget (2012)	Total Program Budget (2013)	Customer Participation	Baseline kWh	Annual Savings (kWh)	Societal Benefits	Societal Costs	Societal Test
New EE/DSM Programs	\$ 156,781	\$ 158,398	3,209		1,277,937	\$ 418,977	\$ 170,344	2.46
Residential Lighting	\$ 23,374	\$ 23,605	2,528		477,165	79,219	22,693	3.49
Residential Refrigerator	\$ 33,037	\$ 33,327	228		276,336	107,341	32,075	3.35
Commercial Lighting 1	\$ 860	\$ 869	93		76,632	15,145	835	18.14
Commercial Lighting	\$ 2,104	\$ 2,125	93		215,626	42,624	2,043	20.87
Energy Audits	\$ 87,230	\$ 88,092	253		217,240	157,181	84,689	1.86
Weatherization	\$ 10,176	\$ 10,380	14		14,938	17,467	28,010	0.62
Existing EE/DSM Programs	\$ 28,850	\$ 28,850	1,100		957,771			
Load Control	\$ 28,850	\$ 28,850	1,100		957,771		Not applicable	
Research and Development	\$ -	\$ -					Not applicable	
Total Operating Cost	\$ 185,631	\$ 187,248	4,309	428,942,592	2,235,708			
Accumulated Cost	\$ 185,631	\$ 187,248						

Estimated Environmental Impact	2012	2013
CO2	4,122,646	3,579,667
SO2	7,646	6,639
NOx	11,626	10,095
Total	4,141,917	3,596,400

EXHIBIT 2
**ESTIMATED OPERATING COSTS/
BUDGET**

Exhibit 2

NAVOPACHE ELECTRIC COOPERATIVE

ESTIMATED OPERATING COSTS/BUDGET

	<u>2012</u>	<u>2013</u>
Residential Lighting	\$ 23,373.89	\$ 23,605.04
Residential Refrigerator	\$ 33,037.20	\$ 33,327.00
Commercial Lighting 1	\$ 859.88	\$ 869.12
Commercial Lighting 2	\$ 2,103.91	\$ 2,124.76
Existing Programs	\$ -	\$ -
Energy Audits	\$ 87,229.80	\$ 88,092.30
Weatherization	\$ 10,176.49	\$ 10,380.02
Load Control	\$ 28,850.00	\$ 28,850.00
Subtotal	\$ 185,631.17	\$ 187,248.24
Other Expenses		
Total Operating Cost	\$ 185,631.17	\$ 187,248.24

APPENDIX 1
DEMAND SIDE MANAGEMENT ADDER

APPENDIX 1

Navopache Electric Cooperative Demand Side Management Adder

Navopache Electric Cooperative proposes the following apply to all of its Standard Offer Tariffs:

Demand Side Management Program (DSMP) Adder

The Cooperative shall add to its bill a demand side management program adder per kWh to help offset the costs associated with Navopache programs designed to promote load management and approved by Staff of the Arizona Corporation Commission. The amount of the adder shall be recomputed annually based upon reports submitted to the Commission by Navopache.

Amount: \$0.000433/kWh