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BEFORE THE ARIZONA CORPORATION COMMISSION

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STATE COMMISSION
DOCKET CONTROL

IN THE MATTER OF THE APPLICATION OF)
GRAHAM COUNTY ELECTRIC COOPERATIVE,))
INC. FOR APPROVAL OF ITS ELECTRIC)
ENERGY EFFICIENCY IMPLEMENTATION)
PLAN FOR 2012 AND 2013.)
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DOCKET NO. E-01749A-11-0235

**Compliance Filing – Energy
Efficiency Report**

Graham County Electric Cooperative, Inc. (“GCEC” or the “Company”) submits its Energy Efficiency Report in Compliance with A.A.C. R14-2-2409.

RESPECTFULLY SUBMITTED this 21st day of March 2013.

By Kirk Gray
Kirk Gray

Graham County Electric Cooperative, Inc.

Original and 13 copies of the foregoing filed this 21st day of March 2013 with:

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

Arizona Corporation Commission
DOCKETED
MAR 21 2013

DOCKETED BY

Graham County Electric Cooperative, Inc.

DSM Progress Report – Pursuant to R14-2-2409 March 2013

In compliance with the Energy Efficiency (EE) reporting requirements in R14-2-2409, GCEC does hereby submit a DSM progress report for the EE plan that was approved July 30, 2012 in Decision No. 73257.

1. An analysis of the affected utility's progress towards meeting the annual energy efficiency standard.

The chart below shows the Energy Efficiency standards approved by the Arizona Corporation Commission (ACC) for Cooperatives and the progress GCEC has made toward those standards.

	Year	2010	2011	2012
ACC EE Requirement			1.25%	3.00%
Co-op EE Requirement (75%)			0.94%	2.25%
GCEC Sales (MWh)		146,736	162,014	165,479
ACC Target - Co-op (MWh)			1,376	3,645
Total Resources Installed (MWh)			-	75
Total Accumulated Resources Installed (MWh)			-	75
Surplus/Deficit to ACC Target (MWh)			(1,376)	(3,570)
Actual % Savings			0.00%	0.05%

GCEC has accumulated 75 MWh or 0.05% in energy efficiency savings as of December 31, 2012 with the entire amount coming from the Residential CFL Lighting Program. The requirement for 2012 was 2.25%. GCEC's EE plan was not approved by the ACC until July 30, 2012 and therefore did not have a full year to implement the EE programs. Additional delays in several programs have not allowed GCEC to realize the full potential savings in 2012 as detailed in the report below. GCEC was granted a waiver by the ACC (Decision No. 73257) of the cumulative Energy Efficiency Standard requirement in A.A.C. R14-2-2404.

The following table shows the amount of funds collected and the expenditures for all programs in the GCEC 2012 EE plan:

	TOTAL
2012 COLLECTIONS	<u>48,946.68</u>
DIRECT COST	8,357.00
ADMIN / ADVERTISING	<u>762.28</u>
TOTAL EXPENSES	<u>9,119.28</u>
BALANCE:	<u>39,827.40</u>

2. A list of the affected utility's current Commission-approved DSM programs and DSM measures organized by customer segment.

The list below shows all of the current Commission approved DSM programs. The programs were designed primarily for the residential customer segment; however, non-residential customers may participate in the CFL Lighting Program.

- a. Refrigerator/Freezer Appliance Recycling Program
- b. CFL Lighting Program
- c. Residential Low Income Weatherization Program
- d. Residential Conservation Behavior Program

3. A description of the findings from any research projects completed during the previous year.

GCEC did not perform any research projects during the previous year. All of the approved EE programs are new to GCEC's service territory and some have yet to be fully implemented. GCEC will continue to monitor the progress made with each program to measure their effectiveness and cost/benefit.

4. The following information for each Commission-approved DSM program or DSM measure:
 - a. A brief description
 - b. Goals, objectives, and savings targets
 - c. The level of customer participation during the previous year
 - d. The costs incurred during the previous year, disaggregated by type of cost, such as administrative costs, rebates, and monitoring costs
 - e. A description and results of evaluation and monitoring activities during the previous year
 - f. Savings realized in kW, kWh, therms, and Btus, as appropriate
 - g. The environmental savings realized, including emissions and water savings
 - h. Incremental benefits and net benefits, in dollars
 - i. Performance-incentive calculations for the previous Year
 - j. Problems encountered during the previous year and proposed solutions
 - k. A description of any modifications proposed for the following year
 - l. Whether the affected utility proposes to terminate the DSM program or DSM measure and the proposed date of termination.

A. Refrigerator/Freezer Appliance Recycling Program

- (a) The purpose of this program is to provide incentives for GCEC members to remove secondary old refrigerators and freezers from their homes. Further, these appliances 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%). GCEC has partnered with JACO Environmental Inc. to manage this program. Once the program is fully implemented, GCEC members will be able to schedule free pickup and recycling of qualified appliances. The member will also receive a \$50 incentive check per

appliance. (Limit two appliances per customer account per calendar year. Appliances must be in working condition to qualify.)

(b) The chart below shows goals and savings targets for 2012:

	Year	2012
<u>Appliance Recycling Program (JACO)</u>		
# of Appliances		60
Average Savings Per Unit (kWh)		811
Total Savings Per Year (MWh)		49
Cumulative Savings (MWh)		49

- (c) GCEC has not yet fully implemented this program and therefore has not had any customer participation in 2012. The main reason for the delay in implementation was caused by the EE plan being approved in July 2012 rather than January. GCEC had discussions with the third-party implementation contractor for this program (JACO) and determined that it was too late to implement the program for the fall season. According to JACO, the best time to implement the program and maximize participation would be in the spring. GCEC is scheduled to implement this program on April 1, 2013 and has begun a marketing campaign with information to be provided in the customer bills and Currents magazine about the program.
- (d) There were no costs associated with this program in 2012. It's anticipated the program will cost approximately \$10,079 in 2013 based on the goal of 60 appliances to be recycled per year.
- (e) N/A
- (f) No savings in kW, kWh, etc. were realized in 2012 for this program.
- (g) No environmental savings were realized in 2012 for this program.
- (h) N/A
- (i) N/A
- (j) See response provided in question (c).
- (k) No modifications are proposed at this time.
- (l) No plans to terminate this program at this time.

B. CFL Lighting Program

- (a) The purpose of this program is to promote the installation of high-efficiency Compact Fluorescent Lamps (CFLs) in homes within the GCEC service territory. The program will provide discount pricing from CFL retailers. GCEC members will be referred to participating retailers to purchase qualifying CFLs and the discount pricing will be passed on to GCEC's members through a negotiated agreement with the retailer. GCEC has partnered with the local ACE Hardware store to provide discount pricing on CFLs.
- (b) The chart below shows goals and savings targets for 2012:

	Year	2012
<u>CFL Program (ACE Hardware)</u>		
Total Savings (Watts)		111,430
Total Savings Per Year (kWh)		122,016
Total Savings Per Year (MWh)		122
Cumulative Savings (MWh)		122

- (c) Customer participation has been steady in this program since it was implemented on August 26, 2012 in partnership with the local ACE Hardware store. A total of 195 CFL light bulb packs or 1,460 13-watt bulbs have been sold to GCEC members under this program in 2012.
- (d) GCEC did not receive an invoice from ACE Hardware store until late December 2012. The amount of the invoice for rebates provided on the CFL packs sold in 2012 was \$2,131.77 and was paid in January 2013. GCEC was able to partner with ACE Hardware and develop an advertising campaign that did not incur GCEC any additional costs. The total amount of administrative costs for all EE programs in 2012 was \$1,362.28. GCEC did not track time spent on each program, only the time for all programs combined.
- (e) GCEC continues to monitor the effectiveness of this program as time passes and more data is available. GCEC should have a better understanding of how effective the program is after a full year of implementation.
- (f) The chart below shows the actual savings in kWh achieved in 2012 compared to the pro-rated target for this program after five months of implementation:

Year	2012		% Achieved
	2012	Prorated Target	
<u>CFL Program (ACE Hardware)</u>			
Total Savings (Watts)	68,620	46,429	
Total Savings Per Year (kWh)	75,139	50,840	
Total Savings Per Year (MWh)	75	51	148%
Cumulative Savings (MWh)	75	51	

GCEC has exceeded its pro-rated goal for this program based in 2012. It's anticipated that GCEC will continue to show strong savings in this program for 2013.

- (g) According to the EPA website (<http://www.epa.gov/cleanenergy/energy-resources/calculator.html>), 75,139 kWh saved equals approximately 53 metric tons of carbon dioxide emissions avoided or about the same amount of carbon dioxide emissions from the electricity use of 7.9 homes for one year.
- (h) Based on the current residential rate of \$0.11038 per kWh, GCEC members saved at total of approximately \$8,293.84 in 2012 with this program.
- (i) N/A
- (j) Since the program was first implemented in August 2012, GCEC has experienced no significant problems.
- (k) GCEC is in discussions with the third-party implementation contractor (ACE Hardware) regarding possible modifications to the incentive levels and changes (if any) to the types of CFL packs that would be targeted under this program. If any changes are made this year then they would be minor in nature and should not affect the overall impact to the budget allocated for this program.
- (l) No plans to terminate this program at this time.

C. Residential Low Income Weatherization Program

- (a) GCEC has partnered with non-profit organizations such as Southeastern Arizona Community Action Programs (SEACAP) to provide funding and support for existing low income weatherization programs. The goal of this program is to improve energy efficiency in homes

in the GCEC 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 GCEC members whose income is at or below 200% of Federal Poverty Guidelines. The program includes a SEACAP representative determining the work needed and installing weatherization measures on approved homes and structures, including caulking and weather-stripping, insulation (attic, wall, & duct), and other energy efficiency measures as needed. Interested GCEC members must contact SEACAP for an application by calling 928-428-4653.

(b) The chart below shows goals and savings targets for 2012:

	Year	2012
<u>Low Income Weatherization Program (SECUS / SECAP)</u>		
Total Savings Per Year (kWh)		78,818
Total Savings Per Year (MWh)		79
Cumulative Savings (MWh)		79

(c) GCEC has not yet fully implemented this program and therefore has not had any customer participation in 2012. The main reason for the delay in implementation has been the need for a contract to be signed with SEACAP. GCEC held a meeting with SEACAP in August 2012 regarding the program and how GCEC could help support SEACAP's existing LIW programs.

GCEC informed SEACAP that the program would take some time to implement as GCEC has never had a DSM adjustor mechanism previously and so there was not enough funds collected at that time to support the program. GCEC would be able to provide the necessary funding to SEACAP over time as funds were now being collected with the approved DSM surcharge. (Decision No. 73257, Dated July 30, 2012)

During this meeting it was also discovered that SEACAP would require a written contract to be signed by both parties. Unfortunately this agreement as not been written by either party. GCEC will contact SEACAP to determine the status of the written contract as soon as possible to expedite full implementation of this program. GCEC has now collected enough funds to begin funding projects and can support approximately 19 homes based on a \$1,500 limit per home and the amount of funds that have been collected as of March 2013.

(d) There were no costs associated with this program in 2012. It's anticipated the program will cost approximately \$66,083 in 2013 based on using all funds allocated in the budget for 2013 (\$49,000) plus the unused pro-rated collections from 2012 (\$17,083).

(e) N/A

(f) No savings in kW, kWh, etc. were realized in 2012 for this program.

(g) No environmental savings were realized in 2012 for this program.

(h) N/A

(i) N/A

(j) See response provided in question (c).

(k) No modifications are proposed at this time.

(l) No plans to terminate this program at this time.

D. Residential Conservation Behavior Program

(a) The purpose of this program is to find ways to better educate GCEC members on how to conserve energy usage through behavior modifications and other energy conservation

measures. GCEC has partnered with Enerlyte to manage this program. Once fully implemented, all residential customers will be provided with energy efficiency reports and information specific to their individual homes and circumstances directly on their utility bill. The reports will provide detailed comparisons and energy savings tips to participating members at no additional charge. Members not wanting to receive this comparison information on their bill will have the choice to opt-out of the program. Please visit www.enerlyte.com to find more information regarding Enerlyte and this program.

(b) The chart below shows goals and savings targets for 2012:

	Year	2012
<u>Residential Conservation Behavior Program (Enerlyte)</u>		
Total Savings Per Year (kWh)		1,491,206
Total Savings Per Year (MWh)		1,491
Cumulative Savings (MWh)		1,491

- (c) GCEC has not yet fully implemented this program and therefore has not had any customer participation in 2012. The main reason for the delay in implementation has been complications with the redesign of the bill and setup with our bill statement printing company (OSG). Enerlyte is the third-party implementation provider for this program and has been coordinating with GCEC and OSG to implement the project. GCEC had hoped to have the program implemented by January 2013 but due to programming delays in the bill redesign it is now anticipated for the project to be fully implemented in April or May 2013. Once fully implemented then all residential customers will be provided energy efficiency reports and savings tips free of charge each month on their billing statement. Customers will have the ability to opt-out of the program at no charge if they choose not to participate.
- (d) The only direct cost for this program in 2012 was the initial set up fee of \$7,757. It's anticipated the program will cost approximately \$23,300 in 2013 based on the projected number of residential customers and the budget allocated for this program.
- (e) N/A
- (f) No savings in kW, kWh, etc. were realized in 2012 for this program.
- (g) No environmental savings were realized in 2012 for this program.
- (h) N/A
- (i) N/A
- (j) See response provided in question (c).
- (k) No modifications are proposed at this time.
- (l) No plans to terminate this program at this time.