

NEW APPLICATION



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BEFORE THE ARIZONA CORPORATION COMMISSION

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AZ CORP COMMISSION
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IN THE MATTER OF THE APPLICATION OF)
GRAHAM COUNTY ELECTRIC COOPERATIVE,))
INC. FOR APPROVAL OF ITS ELECTRIC)
ENERGY EFFICIENCY IMPLEMENTATION)
PLAN FOR 2014 AND 2015.)

DOCKET NO. E-01749A-13-0184

APPLICATION

Graham County Electric Cooperative, Inc. ("GCEC" or the "Company") hereby submits its Electric Energy Efficiency Implementation Plan for 2014 and 2015 ("2014-2015 EE Plan") for Arizona Corporation Commission ("Commission") approval.

RESPECTFULLY SUBMITTED this 3rd day of June 2013.

GRAHAM COUNTY ELECTRIC COOPERATIVE, INC.

By Than W. Ashby
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Original and 13 copies of the foregoing filed this 3rd day of June, 2013 with:

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

Arizona Corporation Commission
DOCKETED

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Graham County Electric Cooperative, Inc.

2014 - 2015

Electric Energy Efficiency

Implementation Plan

A.A.C. R14-2-2405

May 30, 2013

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A. Background

Graham County Electric Cooperative, Inc. (“GCEC”) has prepared this Electric Energy Efficiency Implementation Plan for calendar years 2014 and 2015 (the “2014-2015 EE Plan”), pursuant to the Arizona Administrative Code R14-2-2418 (“EE Standards”), which addresses compliance for electric distribution cooperatives.

GCEC currently has an Arizona Corporation Commission (“ACC”) approved Demand Side Management (“DSM”) adjustor rate mechanism and EE programs that were approved in Decision 73257 (July 30, 2012). GCEC was also granted a waiver of the cumulative Energy Efficiency Standard requirement in A.A.C. R14-2-2404 of 16.50% for Cooperatives in Decision 73257 (July 30, 2012). As further discussed below, GCEC is not proposing any changes to the currently approved DSM adjustor rate mechanism or the EE programs already in place under the 2012-2013 EE Plan.

B. Program Portfolio Overview

The 2014-2015 EE Plan includes recently implemented programs from the 2012-2013 EE Plan. GCEC has explored and chosen programs that it believes will be the most cost effective and relevant to its customer base. The company believes that these programs will be attractive to its customers while not being unduly burdensome to the Company or its customers.

Existing Programs: Residential Time of Use (TOU) rate tariff to help with critical peak reduction. This tariff was approved in Decision 73348 (August 21, 2012).

GCEC's current EE programs include: (1) Refrigerator/Freezer Appliance Recycling Program; (2) Residential Compact Florescent Light (CFL) Lighting Program; (3) Residential Low Income Weatherization Program; and (4) Residential Conservation Behavior Program.

Goals and Objectives: GCEC's 2014-2015 EE Plan goals and objectives are as follows:

- Implement EE and DSM programs that are cost-effective and maintainable given GCEC's limited resources and budget.
- Maintain GCEC's EE and DSM Program Portfolio to ensure maximum participation by customers while balancing GCEC's desire to minimize any rate increases and still meet its EE Standard goals. Exhibit 1 entitled "Projected DSM/EE Program Energy Savings" includes a summary of the projected kWh savings resulting from the EE programs.
- Look for ways to coordinate current and future EE and DSM program opportunities with other electric distribution cooperatives.
- Find ways to better educate its customers on how to conserve energy usage through behavior modifications and other energy conservation measures.

C. Energy Efficiency/Demand Side Management Programs

GCEC has proposed the following programs as part of its 2014-2015 EE Plan:

I. Refrigerator/Freezer Appliance Recycling Program:

The purpose of this program is to remove secondary old refrigerators and freezers from GCEC customer 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 GCEC, 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. GCEC plans to pool its efforts with other utilities to allow GCEC to maximize promotion and minimize cost in addition to offering the service. GCEC will provide a rebate to its customers per unit recycled to incentivize participation in the program. Such rebates will be provided until such time as the budget for the program is exhausted. GCEC is proposing no changes to this existing program.

II. Residential CFL Lighting Program:

The purpose of this program is to promote the installation of high-efficiency Compact Fluorescent Light bulbs (CFLs) in homes within the GCEC service territory. The program will provide 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 GCEC's customers through a negotiated agreement with retailers.

This program will be marketed and advertised primarily by GCEC, but the overall administration of the program, which includes working with local retailers to track the purchases of the CFLs by GCEC customers and providing GCEC with detailed reports of purchased CFLs, may be managed by a third party implementation contractor. This program will be available until such time as the

budget for the program is exhausted. GCEC is proposing no changes to this existing program.

III. Residential Low Income Weatherization Program:

For GCEC's 2014-2015 EE Plan, it plans to provide \$49,000 each year to support existing weatherization programs offered in GCEC's service territory by non-profit organizations such as Southeastern Arizona Community Unique Services (SEACUS) and/or Southeastern Arizona Community Action Programs (SEACAP). 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 customers. GCEC is proposing no changes to this existing program.

To qualify for the program, the applicant must contact SEACUS or SEACAP for an application. Program participation is subject to funding availability. This program includes SEACUS and/or SEACAP representatives determining the work needed and installing weatherization measures on approved homes and structures, including:

- Caulking & weather-stripping
- Insulation (attic, wall, & duct)
- Other energy efficiency measures as needed

IV. Residential Conservation Behavior Program

The purpose of this program is to find ways to better educate its customers on how to conserve energy usage through behavior modifications and other

energy conservation measures. GCEC will work with a third party implementation contractor that will help the company provide innovative ways to educate its residential customers on how to become more energy efficient.

The third party contractor will be responsible for analyzing GCEC's residential customer base usage habits and provide detailed reports, comparisons, and energy savings tips to participating customers either as a bill insert or directly on the customer bill. The contractor will also track usage data of participating customers and provide reports to GCEC on how much the customers are saving as a result of the program. GCEC is proposing no changes to this existing program.

V. Residential Time of Use (TOU) Program

The purpose of this program is to help with critical peak reduction. This tariff was originally approved in Decision 71701 (May 17, 2010) and modified in Decision 73348 (August 21, 2012). Currently there is one residential customer on the TOU program despite efforts to promote it over the past several years. GCEC is not seeking any changes or additional funding for the TOU program at this time. GCEC anticipates that more customers may become interested in the TOU program as GCEC continues to market TOU along with all of the EE programs in this plan filing.

D. Support Programs

The Support Programs listed below provide overarching assistance and outreach to GCEC customers as well as provide funding for the marketing and administration of the programs.

I. Advertising Budget

GCEC proposes an advertising budget of \$6,265 or approximately 7.26% of the total budget to support its EE program marketing activities. GCEC will use the funds to promote its programs in a variety of ways including bill stuffers, direct mailers, EE/DSM information on GCEC's website, stories in the Co-op newsletters or "Currents" magazine, local radio and newspaper advertisements, and promotional material available at GCEC's main office, Cooperative annual member meetings, and the Graham County fair.

By using cost effective methods of advertising, GCEC hopes to maximize the participation level in the EE programs.

II. Administration/R&D Budget

GCEC proposes a budget of \$8,627 or approximately 10% of the EE program budget for administration costs. The purpose of this budget is to provide the necessary funding for GCEC's internal administrative expenditures in managing, coordinating, researching, developing, and reporting costs associated with the EE programs. GCEC has purposely selected programs that will minimize the amount of internal administrative costs, which will allow for more funds to be used in the actual EE programs.

E. Program Development, Monitoring and Management

Program Development: GCEC's 2014-2015 EE Plan includes recently implemented programs that still need to time to develop. GCEC believes the programs will be well received by its customers however, continuous improvement is essential to

maintain and grow the programs. GCEC plans to continue its research and development of additional cost-effective, energy saving programs.

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:

- Review of customer accounts comparing past energy usage with current energy usage.
- Follow-up surveys with customers regarding any changes that they may/may not have made to their energy usage using information provided by GCEC and/or third party contractors.
- Review and analysis of information provided by third party implementation contractors who have assisted with the management of programs.

Program Reporting and Plan Filing: On or before June 1 of each odd year, GCEC 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, GCEC will file the required reports pursuant to R14-2-2409.

F. EE Plan Budget, Projected Energy Savings and Tariff

The 2014-2015 EE Plan proposes to utilize the surcharge dollars collected from the DSM adjustor rate mechanism Tariff to fund its 2014-2015 EE Plan programs. Funds will also be used to pay for the development of future programs as well as a portion of the administration and advertising of the 2014-2015 EE and DSM Programs.

EE Plan Budget: GCEC's 2014-2015 EE Plan includes a DSM surcharge energy rate of \$0.0007 per kWh. GCEC is proposing no changes to the current DSM surcharge. The surcharge would result in approximately \$111,555 collected from GCEC customers based on historical customer usage from May 1, 2012 to April 30, 2013. GCEC proposes to keep the same DSM surcharge in both 2014 and 2015. Although the surcharge is proposed to remain the same in both years of the plan, the EE Plan Budget for 2015 would increase (decrease) slightly assuming an increase (decrease) in annual kWh sales. A summary of the budget, by program, is attached as Exhibit 2 entitled "2014-2015 EE Plan Budget".

Projected Energy Savings: Based on the programs proposed under GCEC's 2014-2015 EE Plan, GCEC anticipates that its EE and DSM programs will provide a total of 1,989,480 kWh cumulative savings in 2014 or 1.256% of GCEC's 2013 projected kWh sales and a total of 3,837,173 kWh cumulative savings in 2015 or 2.408% of GCEC's 2014 projected kWh sales. The savings by EE and DSM Program is attached as Exhibit 1 entitled "Projected DSM/EE Program Energy Savings".

EE Plan Tariff: GCEC has included with this filing the current tariff for the DSM Surcharge, attached as Appendix 1 entitled "Demand Side Management Adjustment – Schedule A-DSM". As stated before, GCEC is proposing no changes to the existing surcharge amount.

G. Other Administrative

In an effort to maintain and grow participation in its DSM/EE Programs, GCEC requests Commission approval to shift approved funds between programs, and to modify

the program budgets in the 2014-2015 EE Plan when cost-effective to do so. This flexibility is essential to GCEC's ability to grow its programs as GCEC does not know the response from its customers when implementing many new programs. This flexibility will also help GCEC to maintain and maximize the most successful programs without oversubscription.

Exhibit 1

Projected DSM/EE Program Energy Savings

GRAHAM COUNTY ELECTRIC COOPERATIVE PROJECTED SAVINGS			
	2013	2014	2015
Projected Sales (kWh)	158,405,000	159,342,000	160,458,000
Projected Savings (kWh)	1,794,393	1,847,694	1,847,694
Projected Sales less Savings (kWh)	156,610,607	157,494,306	158,610,306
<u>Required Savings from Prior Year Sales</u>			
Required Savings (%)	5.00%	7.25%	9.50%
Cooperative Discount (%)	75%	75%	75%
Required Cooperative Savings (%)	3.75%	5.44%	7.13%
Required Cooperative Savings (kWh)	6,205,445	8,613,272	11,353,118
<u>Accumulated Program Savings</u>			
Yearly Program Savings (kWh)	141,786	1,847,694	1,847,694
Total Savings (kWh)	141,786	1,989,480	3,837,173
Savings (%)	0.086%	1.256%	2.408%
Difference (kWh)	(6,063,659)	(6,623,792)	(7,515,944)
Projected % of Achievement	2%	23%	34%
*2013 Program Savings statistics are year to date amounts			

Exhibit 2

2014-2015 EE Plan Budget

GRAHAM COUNTY ELECTRIC COOPERATIVE 2014-2015 EE PLAN BUDGET		
	<u>2014</u>	<u>2015</u>
New EE/DSM Programs	\$ 91,120	\$ 91,120
Refrigerator/Freezer Appliance Recycling Program	\$ 8,820	\$ 8,820
Residential CFL Lighting Program	\$ 9,500	\$ 9,500
Residential Low Income Weatherization Program	\$ 49,500	\$ 49,500
Residential Conservation Behavior Program	\$ 23,300	\$ 23,300
Support Programs	\$ 20,435	\$ 20,435
Advertising Budget	\$ 9,280	\$ 9,280
Administration Budget	\$ 11,155	\$ 11,155
Total Operating Cost	\$ 111,555	\$ 111,555
Accumulated Cost	\$ 111,555	\$ 223,110

Appendix 1

Demand Side Management Adjustment - Schedule A-DSM

ELECTRIC RATES

GRAHAM COUNTY ELECTRIC COOPERATIVE, INC.

9 West Center St.

Pima, Arizona 85543

Filed By: Than Ashby

Title: Office Manager

ACC Decision No. 73257

Effective Date: July 30, 2012

STANDARD OFFER TARIFF

**DEMAND SIDE MANAGEMENT ADJUSTMENT
SCHEDULE A-DSM**

Applicability

The Cooperative shall recover its costs for Commission pre-approved DSM programs through a separate DSM mechanism which shall provide for a separate and specific Commission accounting for pre-approved DSM costs. The Schedule A-DSM shall be applicable to all customers receiving standard service.

Rate

\$0.0007 per kWh