

ORIGINAL

OPEN MEETING



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MEMORANDUM
Arizona Corporation Commission
DOCKETED

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TO: THE COMMISSION

AUG 15 2013

FROM: Utilities Division

DOCKETED BY
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DOCKET

DATE: August 15, 2013

RE: GRAHAM COUNTY ELECTRIC COOPERATIVE, INC. - APPLICATION FOR APPROVAL OF ITS ELECTRIC ENERGY EFFICIENCY IMPLEMENTATION PLAN FOR 2014 AND 2015 (DOCKET NO. E-01749A-13-0184)

INTRODUCTION

On June 3, 2013, Graham County Electric Cooperative, Inc. ("GCEC" or the "Company") filed an application with the Arizona Corporation Commission ("Commission") requesting approval of its Electric Energy Efficiency Implementation Plan for 2014 and 2015 ("2014-2015 EE Plan").

GCEC's Demand Side Management ("DSM") portfolio and current adjustor rate were approved in Decision No. 73257 dated July 30, 2012, at a budget level of \$103,271 with a DSM surcharge set at \$0.0007 per kWh. GCEC is not proposing any changes to the currently approved DSM adjustor rate mechanism or the Energy Efficiency ("EE") programs already in place, which are as follows:

| GRAHAM COUNTY ELECTRIC COOPERATIVE, INC. APPROVED ENERGY EFFICIENCY PROGRAMS/MEASURES | | | |
|--|--------------|-----------|----------------------------|
| Existing Measures | Decision No. | Date | Staff's benefit-cost ratio |
| Refrigerator/Freezer Appliance Recycling Program | 73257 | 7/30/2012 | 1.07 |
| Residential CFL Lighting Program | 73257 | 7/30/2012 | 2.19 |
| Residential Low Income Weatherization Program | 73257 | 7/30/2012 | 1.02 |
| Residential Behavior Conservation Program | 73257 | 7/30/2012 | 1.46 |

EE PLAN OVERVIEW

GCEC has had in place a DSM Plan for slightly over one year. Over the course of the year, GCEC has taken steps to implement as many of the programs as possible. According to GCEC's DSM Compliance filing dated March 21, 2013, actual DSM surcharge collections for 2012 totaled \$48,947 while expenses for 2012 were just over \$9,000 leaving a balance in the

DSM account of \$39,827. Given the anticipated expense from fully implementing all of the EE programs, GCEC is requesting the DSM surcharge remain at \$0.0007 per kWh with the 2014-15 EE Plan.

RECENT COMMISSION DIRECTION

During the Open Meeting held June 11, 2013, the Commission directed that a generic docket be opened to address DSM and EE in the State of Arizona (Docket No. E-00000XX-13-0214). The Commission approved recently filed DSM/EE Plans for certain utilities only as they related to their Plans' status quo; i.e., new programs or additions to existing programs were not approved.

MEASUREMENT AND EVALUATION

GCEC intends to monitor and evaluate each of the programs on at least a bi-annual basis to ensure they are meeting projected goals and objectives. This monitoring would include, but is not limited to:

- A 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.

The Company should discontinue a program or measure upon determining it to be no longer cost-effective. The Company should notify Staff in advance of discontinuing a program or measure. Once a program or measure is discontinued, the Company must file acknowledgement in this docket.

ENERGY EFFICIENCY BUDGET AND ADJUSTOR SURCHARGE

GCEC has requested a budget increase of \$8,284 to \$111,555 for 2014 and 2015. A summary of GCEC's proposed budget, by program, can be seen in the table below along with Staff's recommendations:

Table 1
GRAHAM COUNTY ELECTRIC COOPERATIVE
2014-2015 EE PLAN BUDGET

| | <u>Current Budget</u> | <u>GCEC Proposed</u> | <u>Staff Proposed</u> |
|---|---------------------------|--------------------------|---------------------------|
| | <u>2013</u> | <u>2014-15</u> | <u>2014-15</u> |
| Refrigerator/Freezer Appliance Recycling Program* | \$10,079 | \$8,820 | \$10,079 |
| Residential CFL Lighting Program | \$6,000 | \$ 9,500 | \$6,000 |

| | <u>Current Budget</u> | <u>GCEC Proposed</u> | <u>Staff Proposed</u> |
|---|---------------------------|--------------------------|---------------------------|
| Residential LIW Program | \$49,000 | \$49,500 | \$49,000 |
| Residential Conservation Behavior Program | \$23,300 | \$23,300 | \$23,300 |
| Residential TOU Program | - | - | - |
| Advertising Budget | \$6,265 | \$9,280 | \$6,265 |
| Administration Budget | \$8,627 | \$11,155 | \$8,627 |
| Total Operating Cost | \$103,271 | \$111,555 | \$103,271 |

*The current budget for the Refrigerator/Freezer Appliance Recycling Program includes \$1,259 for advertising. GCEC's proposed budget for this program shows the same advertising dollars included in the Advertising Budget. Staff's proposed budget for this program includes \$1,259 for advertising in the Refrigerator/Freezer Appliance Recycling Program budget.

STAFF ANALYSIS AND RECOMMENDATIONS

Based on the above, Staff recommends that GCEC continue with its EE programs at the currently approved budget.

Given the effort to maintain the current programs and budget levels and taking into consideration that GCEC has only had a little over one year to implement these programs, Staff agrees with GCEC's proposal to keep the DSM adjustor surcharge rate at the currently effective rate of \$0.0007 per kWh for all customer classes. In the future, if GCEC determines it is in an over-collected or under-collected situation with regard to the DSM surcharge balance, the Company can file to adjust the surcharge at that point in time.

In addition, Staff recommends that the above detailed budget and DSM Adjustor surcharge remain in effect until further order of the Commission. GCEC was granted a waiver of the cumulative EE Standards in Decision No. 73257.



Steven M. Olea
 Director
 Utilities Division

SMO:RSP:sms\WVC

ORIGINATOR: Ranelle Paladino

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BEFORE THE ARIZONA CORPORATION COMMISSION

BOB STUMP
Chairman
GARY PIERCE
Commissioner
BRENDA BURNS
Commissioner
BOB BURNS
Commissioner
SUSAN BITTER SMITH
Commissioner

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
DECISION NO. _____
ORDER

Open Meeting
September 10 and 11, 2013
Phoenix, Arizona

BY THE COMMISSION:

FINDINGS OF FACT

INTRODUCTION

1. Graham County Electric Cooperative, Inc. ("GCEC" or the "Company") is certificated to provide electric service within portions of Arizona, pursuant to authority granted by the Arizona Corporation Commission ("Commission").

2. On June 3, 2013, GCEC filed an application with the Commission requesting approval of its Electric Energy Efficiency Implementation Plan for 2014 and 2015 ("2014-2015 EE Plan").

3. GCEC's Demand Side Management ("DSM") portfolio and current adjustor rate were approved in Decision No. 73257 dated July 30, 2012, at a budget level of \$103,271 with a DSM surcharge set at \$0.0007 per kWh. GCEC is not proposing any changes to the currently approved

...

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2 are as follows:

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10 EE PLAN OVERVIEW

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12 the year, GCEC has taken steps to implement as many of the programs as possible. According to
13 GCEC's DSM Compliance filing dated March 21, 2013, actual DSM surcharge collections for
14 2012 totaled \$48,947 while expenses for 2012 were just over \$9,000, leaving a balance in the
15 DSM account of \$39,827. Given the anticipated expense from fully implementing all of the EE
16 programs, GCEC is requesting the DSM surcharge remain at \$0.0007 per kWh with the 2014-15
17 EE Plan.

18 RECENT COMMISSION DIRECTION

19 4. During the Open Meeting held June 11, 2013, the Commission directed that a generic
20 docket be opened to address DSM and EE in the State of Arizona (Docket No. E-00000XX-13-
21 0214). The Commission approved recently filed DSM/EE Plans for certain utilities only as they
22 related to their Plans' status quo; i.e., new programs or additions to existing programs were not
23 approved.

24 MEASUREMENT AND EVALUATION

25 5. GCEC intends to monitor and evaluate each of the programs on at least a bi-annual
26 basis to ensure they are meeting projected goals and objectives. This monitoring would include,
27 but is not limited to:

28 ...

1 IT IS FURTHER ORDERED that the DSM surcharge remain at the current level of
2 \$0.0007 per kWh.

3 IT IS FURTHER ORDERED that should Graham County Electric Cooperative, Inc.
4 discontinue a program or measure upon determining it to be no longer cost-effective, the Company
5 shall notify Staff in advance of discontinuing a program or measure.

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IT IS FURTHER ORDERED that Graham County Electric Cooperative, Inc. not file its next Energy Efficiency Implementation Plan until further order of the Commission.

IT IS FURTHER ORDERED that Graham County Electric Cooperative, Inc.'s 2014-2015 Energy Efficiency Implementation Plan, as modified by this Decision and filed in compliance with A.A.C. R14-2-2418, is hereby deemed sufficient in meeting the filing requirements of A.A.C. R14-2-213.

IT IS FURTHER ORDERED that this Decision shall become effective immediately.

BY THE ORDER OF THE ARIZONA CORPORATION COMMISSION

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|--------------|--------------|
| CHAIRMAN | COMMISSIONER |
| COMMISSIONER | COMMISSIONER |
| | COMMISSIONER |

IN WITNESS WHEREOF, I, JODI JERICH, Executive Director of the Arizona Corporation Commission, have hereunto, set my hand and caused the official seal of this Commission to be affixed at the Capitol, in the City of Phoenix, this _____ day of _____, 2013.

JODI JERICH
EXECUTIVE DIRECTOR

DISSENT: _____

DISSENT: _____

SMO:RSP:sms\WVC

1 SERVICE LIST FOR:
2 DOCKET NO. E-01749A-13-0184
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12 Arizona Corporation Commission
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14 Phoenix, Arizona 85007
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16 Ms. Janice M. Alward
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