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BEFORE THE ARIZONA CORPORATION COMMISSION

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IN THE MATTER OF THE APPLICATION OF SOUTHWEST GAS CORPORATION FOR APPROVAL OF AN ENERGY EFFICIENCY AND RENEWABLE ENERGY RESOURCE TECHNOLOGY PORTFOLIO IMPLEMENTATION PLAN.

Docket No. G-01551A-13-0170

Arizona Corporation Commission
DOCKETED
JAN 13 2014
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RUCO'S COMMENTS TO STAFF'S MEMORANDUM

The Residential Utility Consumer Office ("RUCO") submits the following comments in response to Staff's December 31, 2013, memorandum on the approval of Southwest Gas' Energy Efficiency and Renewable Energy Technology (EE & RET) Implementation Plan.

RUCO is concerned about the Plan's lack of flexibility. This lack of flexibility could limit savings residential ratepayers will realize from energy efficiency (EE) measures and could restrict the ability of EE programs to respond to the changing needs of residential ratepayers, the market, and geographic areas.

Consistent with the Commission's directive for Staff to evaluate the cost-effectiveness of new measures in UNS Electric's 2013 EE Plan, RUCO recommends that the Commission enhance the plan's flexibility by directing Staff to review the new measures identified to be cost-effective in Southwest Gas' Plan. Once passed, Southwest Gas should be able to pursue those new measures without regulatory delay or the need to file an additional application.

As long as the cost effectiveness of ALL measures is being evaluated on a consistent and frequent basis, RUCO supports their implementation. Southwest Gas' EE & RET Plan proposes several new measures for residential and commercial ratepayers. In some cases these measures have benefit-to-cost ratios that exceed 6.0. To be clear, RUCO is not advocating for the establishment of new programs at this time. Instead, the Commission would simply allow Southwest Gas the ability to offer ratepayers the new cost effective measures described in its plan once the measures pass Staff's evaluation.

Finally, where cost effective, RUCO believes that the Commission should support continued and expanded coordinated delivery of gas EE and electric EE programs. Better coordination will streamline offerings to customers and could help to reduce EE program costs. For example, Southwest Gas has currently approved measures (such as the energy efficient showerhead measure) that could be provided to ratepayers who enroll in Arizona Public Service Company's home energy assessment program (the Home Performance with ENERGY STAR program). Southwest Gas has also proposed new measures (such as the faucet aerator measures) that could be similarly delivered, if found to be cost effective.

RUCO appreciates the intent of Pierce Proposed Amendment No. 1. RUCO also believes that non-cost effective programs must be eliminated. However, after conversations with Southwest Gas, it appears that the numbers used to justify the amendment's lower budget and complete cancellation of the commercial and residential rebates may have been misinterpreted. The low cost effectiveness figures were likely due to the delay in approval the company's 2012 implementation plan. This in turn only allowed for a half year of data at best. While RUCO would be the first to recommend the elimination of non-cost effective measures and programs, RUCO is comfortable with allowing Staff to review the measures in a manner similar to the process established for UNS Electric. This would avoid canceling the programs until the Commission has all the data and Staff conducts a full analysis. Canceling now, only to have to reinstate programs later, would add cost and greatly confuse customers right when demand is at its peak.

RESPECTFULLY SUBMITTED this 13th day of January, 2014.

Daniel W. Pozefsky
Chief Counsel

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