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BEFORE THE ARIZONA CORPORATION COMMISSION

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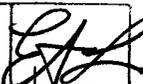
Arizona Corporation Commission

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ORIGINAL

IN THE MATTER OF MOHAVE ELECTRIC
COOPERATIVE, INCORPORATED
REQUEST FOR APPROVAL OF 2012 – 2013
DEMAND SIDE MANAGEMENT PLANS
AND ENERGY EFFICIENCY
IMPLEMENTATION PLAN, INCLUDING
DSM ADJUSTMENT TARIFF; REQUEST
FOR PARTIAL WAIVER PURSUANT TO
THE ENERGY EFFICIENCY STANDARD
RULES

DOCKET NO. E-01750A-11-0228

AMENDED
SUPPLEMENTAL FILING

Mohave Electric Cooperative, Incorporated (“Mohave” or the “Cooperative”), by and through its undersigned attorneys, hereby files an amended supplement in the above-captioned application to replace the Supplemental Filing dated January 16, 2014. This Amended Supplemental Filing provides a corrected Exhibit A (to correct Total Costs of all programs), provides additional explanation of how General Administrative and Special Data Collection costs will be expended and makes some additional typographical corrections to the pleading.

Mohave originally submitted its application on June 1, 2011 (now more than two and one-half (2½) years ago) as required by A.A.C. R14-2-1418(B) of the Arizona Corporation Commission’s (“Commission”) Electric Energy Efficiency Standards (“EE Standards”). By this Amended Supplemental Filing, Mohave respectfully urges the Commission: (i) promptly consider and approve all of the modest energy efficiency/demand side management (“EE/DSM”) programs Mohave is proposing, (ii) approve a DSM surcharge of \$0.000799 per

1 kWh sold and (iii) grant Mohave a waiver of the annual and cumulative energy efficiency
2 requirements established by A.A.C. R14-2-2418(C) and R14-2-2404.

3 **MOHAVE'S PROGRAM IS SUPPORTED BY ITS MEMBERS**

4 Importantly, Mohave's EE/DSM Implementation Plan and the proposed DSM
5 surcharge have been discussed with and approved by Mohave's elected Board of Directors.
6 Moreover, as part of its customer education efforts over the past three (3) years, Mohave has
7 been advising its members of this pending application, the nature of the EE/DSM programs it
8 will be implementing, the level of DSM surcharge being requested and the net benefits that
9 the programs will provide. Mohave's members are supportive of the proposal; none have
10 filed opposition to the pending EE/DSM Implementation Plan or a DSM surcharge of
11 \$0.000799 designed to finance it. Mohave's members/customers have been expecting and
12 awaiting all the EE/DSM programs set forth in Mohave's EE/DSM Implementation Plan to
13 be made available to them.

14 **MOHAVE CURRENTLY HAS NO FUNDING MECHANISM**

15 Fourteen (14) months after Mohave filed its application in this docket, the
16 Commission authorized an adjustment in Mohave's rates pursuant to Decision No. 73352
17 dated August 21, 2012. Due to the adoption of the EE Standards and the pendency of this
18 application to implement EE/DSM standards, the adjusted test year expenses and approved
19 rates had intentionally excluded all EE/DSM related costs. The Decision provided:

20 IT IS FURTHER ORDERED that the initial rates of Mohave
21 Electric Cooperative, Incorporated's DSM adjustor mechanism will
22 be the same as the DSM cost recovery tariff that is approved in
23 Docket No. E-01750A-11-0228 (MEC's 2012-2013 Electric Energy
24 Efficiency Implementation Plan and Demand Side Management
25 Program docket). Subsequent changes to the DSM adjustor rates
will be set in connection with the Electric Energy Efficiency
Implementation Plan submitted by the Company and approved by
the Commission pursuant to the Electric Energy Efficiency
Standards rules, or as otherwise ordered by the Commission.

1 At the time, Mohave anticipated a DSM surcharge would be in effect no later than the
2 end of 2012.

3 Decision No. 73352 was the first adjustment in Mohave's rates and charges in twenty-
4 two (22) years since Decision 57172, issued November 29, 1990. Decision No. 57172 was
5 issued two (2) years prior to the Commission's allowance of system benefit charges per
6 A.A.C. R14-2-1608 and eight (8) years prior to the allowance of environmental portfolio
7 standard surcharge tariffs per A.A.C. R14-2-1618. As a result, Mohave has never had a
8 separate surcharge to fund EE or DSM programs.

9 Despite no independent funding source, Mohave had used general funds to develop
10 and operate some modest EE/DSM programs, including: 1) residential energy reviews and
11 audits; 2) high-efficiency heat pumps; 3) operation cool shade tree; 4) good cents EE new
12 home; 5) education and outreach support, and 6) CFL giveaway. However, as noted, the rates
13 approved by Decision No. 73352 excluded the costs of even these modest programs with the
14 expectation that a DSM surcharge would be approved by the end of 2012. In the interim,
15 Mohave has maintained these programs, to the extent it can, without a funding source.

16 In summary, Mohave has never previously implemented a Commission approved
17 EE/DSM program and the Commission has never previously approved a surcharge to recover
18 costs for Mohave's EE/DSM program costs. However, Decision No. 73352 did authorize a
19 DSM surcharge at a level to be determined in this docket.

20 **THE REQUESTED PROGRAMS AND SURCHARGE ARE REASONABLE**

21 By its application, Mohave seeks to continue and slightly expand its pre-existing
22 programs and to add the following to its portfolio of EE/DSM programs – all of which have
23 been approved by the Commission for one or more Arizona electric utilities: 1) residential
24 lighting; 2) residential refrigerator/freezer recycling; 3) residential low income
25 weatherization; 4) commercial lighting discount CFL; 5) commercial lighting and 6) research

1 and development. A corrected and updated budget for the programs in Mohave's EE/DSM
2 Implementation Plan is attached as Exhibit A. These programs can be funded at the levels
3 proposed by Mohave with a DSM surcharge of \$0.000799 per kWh sold.

4 **ADMINISTRATIVE AND SPECIAL DATA COLLECTION COSTS**

5 Mohave proposed budget includes \$14,000 in general administrative costs. These
6 costs include preparation and securing Commission review and approval of the
7 implementation plans, reporting and notices required by A.A.C. R14-2-2405 – 2409 of the
8 energy efficiency rules. Additionally, when new or modified EE/DSM programs are
9 introduced there are non-recurring costs incurred to develop and distribute new or revised
10 educational literature and other advertising, to prepare application forms, to update Mohave's
11 website, to implement accounting procedures to track revenue and expenses and to set up and
12 install any required software. As these are one-time charges or charges that apply across
13 several programs, they are listed as general administrative costs rather than allocated to
14 particular programs.

15 The budget also includes \$6,000 for a special data collection program Mohave is
16 proposing for its low income weatherization program. In particular, Mohave will ask
17 participants in the residential low income weatherization program to volunteer in a
18 monitoring program. Mohave will pay the cost of an energy audit both before and after the
19 weatherization improvements are installed on approximately 20 low income residences, as
20 well as monitor the impacts on these same participants' utility bills for a twelve month period
21 following completion of the weatherization improvements. Mohave believes such actual data
22 will assist it in refining the residential low income weatherization program in future years to
23 become more cost effective. Mohave is requesting this amount be approved separate and
24 distinct from the low income weatherization program so as not to detract from the funds
25 available to low income customers to make approved weatherization improvements.

1 **IMPACT OF COMMISSION'S JUNE 2013 ACTIONS**

2 Mohave is aware that in June 2013, the Commission directed a generic docket (E-
3 00000XX-13-0214) be opened "to address efficiency/demand side management ('EE/DSM'),
4 cost effectiveness of EE/DSM as currently administered, EE/DSM cost recovery
5 methodologies (including the Energy Efficiency Resource Plan proposed in the Tucson
6 Electric Power Company rate case Settlement Agreement, Decision No. 73912), need [*sic*] or
7 not for EE/DSM performance incentives, EE/DSM as part of the Commission's integrated
8 Resource Plan process, and possible modification of current EE/DSM and Integrated
9 Resource Plan Rules." Mohave is supportive of this effort and encourages the Commission to
10 direct its Staff to move the generic investigation forward.

11 Mohave is deeply concerned that the Commission's concurrent direction to freeze
12 EE/DSM programs at June 2013 levels pending completion of the foregoing investigation,
13 has unintentionally and inappropriately delayed action on Mohave's pending application and
14 may preclude Mohave from fully implementing the modest EE/DSM Implementation Plan set
15 forth in its application, even though it consists entirely of programs with a long and well
16 established cost effective track record and that other Arizona utilities have been authorized to
17 implement.

18 Mohave notes that the Commission's policy to freeze EE/DSM programs at June 2013
19 levels has resulted in similar EE/DSM programs being approved for some utilities and denied
20 for others, simply because they had not previously been implemented. Additionally, the
21 action is being taken despite favorable recommendations from Staff and without any
22 independent evaluation of the reasonableness of the programs, their budgets or the resulting
23 DSM surcharge. The result is inconsistent treatment of similar EE/DSM programs. For
24 example, the existing residential low income weatherization programs of Trico Electric
25 Cooperative ("Trico"), UNS Electric ("UNS") and Graham County Electric Cooperative

1 (“Graham”) were all continued, while the request of Sulphur Springs Valley Electric
2 Cooperative (“SSVEC”) to add a similar program was denied. Graham and UNS were
3 allowed to continue their refrigerator/freezer recycling programs, while the requests of Trico
4 and SSVEC to add similar programs were denied. The same is true with CFL lighting
5 programs – the existing programs of Graham and UNS were allowed to continue, but Trico’s
6 request to add residential and commercial CFL lighting programs was denied.

7 The size of approved EE/DSM budgets and DSM surcharges also vary considerably.
8 By Decision No. 74262, dated January 7, 2014, the 90,000 UNS customers are charged a
9 DSM surcharge of \$0.002660 per kWh designed to fund an annual EE/DSM budget of at least
10 \$5.2 million (including approximately 1.66 million in carry-over funds). In contrast, the
11 Commission by Decision No. 73930, dated June 27, 2013 rejected SSVEC’s request to
12 maintain its then current \$0.00088 DSM surcharge and a budget of \$1.2 million for its 51,000
13 customers. Instead the Commission approved a DSM surcharge for SSVEC of only \$0.00027
14 and a slight increase in its then current EE/DSM annual budget of \$430,734 to \$549,657.
15 Similarly, Trico’s request for a DSM surcharge of \$0.000356 and a budget of \$262,688 for its
16 40,500 customers was not only rejected by Decision No. 73929, dated June 27, 2013, but the
17 Commission actually cut Trico’s then current DSM surcharge of \$0.000191356 and budget of
18 \$115,828 by more than half to \$0.000058 and \$54,979, respectively. This inconsistency
19 among approved EE/DSM programs, EE/DSM budgets and the level of DSM surcharge
20 among comparative utilities is confusing to Mohave and its 39,000 metered customers.

21 Mohave is concerned that the EE/DSM programs, budget and surcharge thoughtfully
22 considered by Mohave’s Board to balance the costs and benefits being provided its
23 members/customers will be similarly cut or rejected, simply because Mohave had never
24 previously been able to implement a full array of EE/DSM programs due to the absence of
25 any approved surcharge or general rates to adequately fund them.

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PROOF OF AND CERTIFICATE OF MAILING

I hereby certify that on this 22nd day of January, 2014, 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

Audi Bell

CORRECTED
EXHIBIT A
UPDATED PROGRAM BUDGET

<u>Existing Programs</u>	
Good Cents EE New Homes	\$ 465.00
High Efficiency Heat Pumps	\$ 51,147.00
Operation Cool Shade	\$ 8,855.00
Educational Programs	\$ 6,000.00
CFL Give-aways	\$ 7,331.00
Residential Energy Audits	\$ 23,920.00
<u>New Programs</u>	
Residential Lighting	\$ 32,555.00
Residential Refrigerator/Freezer Recycling	\$ 45,933.00
Residential Low Income Weatherization	\$ 350,900.00
Commercial Lighting Discount CFL	\$ 3,550.00
Commercial Lighting	\$ 1,335.00
Special Data Collection	\$ 6,000.00
General Administration	\$ 14,000.00
TOTAL ANNUAL BUDGET	\$ 551,991.00