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Arizona Corporation Commission  
1200 West Washington Street  
Phoenix, AZ 85007-2996

Arizona Corporation Commission  
**DOCKETED**

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Re: **Docket No. G-00000G-14-0105**

Pursuant to the Gas Utility Energy Efficiency Standards of the Arizona Administrative Code, Section R14-2-2509(A), which requests affected utilities to file a progress report with the Arizona Corporation Commission by April 1 of each year, Southwest Gas Corporation hereby submits an original and 13 copies of its Arizona Energy Efficiency and Renewable Energy Resource Technology Portfolio Implementation Plan.

Respectfully submitted,

*Debra S. Gallo* *by cmg*

Debra S. Gallo, Director  
Government & State Regulatory Affairs

c Julie McNeely-Kirwan, ACC  
Compliance Section, ACC



**SOUTHWEST GAS CORPORATION**

**ARIZONA ENERGY  
EFFICIENCY AND  
RENEWABLE ENERGY  
RESOURCE TECHNOLOGY  
PORTFOLIO  
IMPLEMENTATION PLAN**

***Annual Progress Report:  
January 1, 2013 – December 31, 2013***

**April 1, 2014**

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# ARIZONA ENERGY EFFICIENCY AND RENEWABLE ENERGY RESOURCE TECHNOLOGY PORTFOLIO IMPLEMENTATION PLAN

## Overview

Pursuant to Section R14-2-2509(A) of the Gas Utility Energy Efficiency Standards (Gas EE Standards), Southwest Gas Corporation (Southwest Gas or Company) submits its annual progress report (Report) for the Company's Energy Efficiency (EE) and Renewable Energy Resource Technology (RET) portfolio (EE & RET Plan). Because Southwest Gas' EE & RET Plans are implemented from June through May, rather than from January through December, this Report contains data for the first seven months of Program Year Two (PY2), which covers June 1, 2013 through December 31, 2013. In addition, Southwest Gas has included in this Report a full year of data for Program Year One (PY1), covering the period from June 1, 2012 through May 31, 2013. The cost-effectiveness results for PY1 provide a more accurate assessment of how the programs performed for a full year, compared to the mid-year analysis provided in the progress report filed on April 1, 2013. The cost-effectiveness model summarizes the cost-benefit ratio for each program and measure. Therefore, it is vital to review the entire program year, by including actual participation and expenditures for a full twelve months, since the mid-year analysis does not fully capture the true program year results.

The *Smarter Greener Better*<sup>®</sup> (SGB) Low-Income Energy Conservation (LIEC) program year operates on a fiscal year from July through June; therefore, the Report includes expenditures and participation rates for the period covering July 1, 2012 through June 30, 2013 for PY1 and July 1, 2013 through December 31, 2013 for PY2 of the program.

Southwest Gas' initial EE & RET Plan, which was approved with a \$4.7 million budget by the Arizona Corporation Commission (Commission) in Decision Nos. 73231 and 73229 on May 22, 2012 (Docket Nos. G-01551A-10-0458 and G-01551A-11-0344), was implemented for PY1 and continued for PY2.<sup>a</sup>

Per Decision No. 73229, the Company has included an evaluation of cost-effectiveness for each program and measure in this Report, listing any measures which have ceased to be cost-effective and indicating why they have ceased to be cost-effective. In addition, a chart that lists all Commission-approved programs and measures, the Commission-approved budgeted expenditures by program, the actual annual expenditures by program, the planned cost-effectiveness ratio per measure (last calculated by Staff) and the actual cost-effectiveness ratio per measure (using the Staff-approved method with all criteria updated with the most recent data available); data on program annual therm

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<sup>a</sup> See Southwest Gas' letter to Docket No. G-01551A-12-0218, filed May 30, 2013.

savings and lifetime therm savings (plan and actual data); and program cost-effectiveness test benefits, costs, and net benefits (plan and actual data) are included per Decision No. 74300.

## **Program Summary**

The following programs, which target the residential, non-residential and low-income market sectors, were implemented for PY2 on June 1, 2013 and continued through December 31, 2013, the end of the reporting period:

### **Residential Energy Management Programs**

1. *Smarter Greener Better Residential Rebates*
2. *Smarter Greener Better Homes*

### **Non-Residential Energy Management Programs**

3. *Smarter Greener Better Commercial (Business) Rebates*
4. *Smarter Greener Better Custom Commercial (Business) Rebates*
5. *Smarter Greener Better Distributed Generation*

### **Low-Income Program**

6. *Smarter Greener Better Low-Income Energy Conservation*

### **Renewable Energy Resource Technology Program**

7. *Smarter Greener Better Solar Thermal Rebates*

Below is a brief overview of each program that was implemented during the reporting period.<sup>b</sup>

**SGB Residential Rebates:** Rebates were offered to residential customers on qualified program measures upon proof-of-purchase and installation. The measures included: ENERGY STAR<sup>®</sup> tankless water heaters, high-efficiency natural gas clothes dryers, smart low-flow showerheads, windows, attic insulation and floor insulation.

**SGB Homes:** Rebates were offered to homebuilders for ENERGY STAR certified homes, ENERGY STAR qualified tankless water heaters, and attic insulation. The program was available to all builders of new single-family subdivision and custom homes and multi-family homes featuring natural gas water and space heating.

**SGB Commercial (Business) Rebates:** Rebates were offered to non-residential customers on qualified program measures upon proof-of-purchase and installation. The measures included: high-efficiency tankless and storage water heaters; condensing and non-condensing boilers; boiler retrofit products including steam traps, modulating burner controls and oxygen trim controls; air curtains; and a full suite of commercial kitchen high-efficiency products including dishwashers, natural gas fryers, griddles, conveyor and combination ovens.

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<sup>b</sup> Per Decision No. 74305 (Docket No. G-01551A-13-0407), the Company's Residential and Commercial Rebate Programs were discontinued shortly after the close of the reporting period for this Report.

SGB Custom Commercial (Business) Rebates: Rebates were offered to non-residential customers based on achieved annual energy savings. The program does not specify eligible measures in order to provide participants maximum flexibility in identifying potential projects. Participants may propose any measure that produces a verifiable natural gas usage reduction, is installed in either existing or new construction applications and exceeds code, has a minimum useful life of seven years and exceeds minimum cost-effectiveness requirements. Qualifying measures include those that target cost-effective natural gas savings, such as retrofits of existing systems, improvements to existing systems and first time installations where the system's efficiency exceeds applicable codes or standard industry practice.

SGB Distributed Generation: The program provided rebates to non-residential customers to achieve significant fuel savings by promoting high efficiency electric generation, providing financial benefits during peak electrical demand periods, and demonstrating the use of new technologies that are being brought to market. The rebates are based upon the size and efficiency of the system being installed.

SGB LIEC: The LIEC program was comprised of two components: one providing energy-efficient home improvements such as increased insulation, duct repairs, weatherstripping, caulking, etc., (otherwise referred to as weatherization); and the other providing emergency assistance to help pay household natural gas bills (otherwise referred to as bill assistance). The program was available to households with annual incomes less than 150 percent of the federal poverty income guidelines and was administered by Southwest Gas in conjunction with the Arizona Governor's Office on Energy Policy (OEP) and Arizona Community Action Agency (ACAA).

SGB Solar Thermal Rebates: Rebates were offered to residential and non-residential customers on qualified solar thermal systems, used for water heating or pool heating, upon proof-of-purchase and installation. The program objective was to increase public awareness of the benefits of solar thermal systems and to reduce customer natural gas usage by providing economically beneficial rebates to install the systems. Long-term customer energy savings will be realized throughout the life of the solar thermal systems.

#### Other

Southwest Gas continually monitors and evaluates each program and measure included in its EE & RET Plan, and implements program and process improvements as needed. The Company utilizes in-house staff for its monitoring and evaluation activities and therefore, no direct costs are charged to the monitoring, verification & evaluation (MV&E) budget category under each program.

In addition, Southwest Gas has not encountered any issues which would result in a request to terminate any programs or measures that are currently approved by the Commission. Proposed modifications to terminate a few measures under the SGB Commercial Rebates program were included in the Company's EE & RET

Plan for Program Years 3 and 4, which was filed with the Commission on May 31, 2013 (Docket No. G-01551A-13-0170) and in the Company's last report filed on September 30, 2013 (Docket No. G-00000G-13-0066). Per Decision No. 74300, the SGB Residential Rebates program and SGB Commercial Rebates program will be discontinued for Program Years 3 and 4.

## **Energy Efficiency Standards**

Pursuant to Section R14-2-2504 of the Gas EE Standards, Southwest Gas is required to achieve cumulative annual energy savings, expressed as therms or therm equivalents, equal to at least six percent of the Company's retail gas energy sales for calendar year 2019.

In PY1, Southwest Gas expended approximately \$4.4 million of its approved budget of \$4.7 million and achieved 3,146,127 annual therm savings (including therm equivalents) for PY1 as indicated in **Tables 1 and 2**.

For year two, the Company is required to achieve cumulative annual energy savings of at least 1.2 percent. Using Southwest Gas' 2011 retail sales of 634,605,252, the Company's total year two energy savings goal of 1.2 percent is 7,615,263 therms. With 3,146,127 therms achieved in PY1, Southwest Gas' remaining year two energy savings goal is 4,469,136 therms. In the first seven months of PY2, Southwest Gas expended approximately \$2.8 million of its \$4.7 million budget and achieved 2,952,270 annual therm savings (including therm equivalents) as indicated in **Tables 12 and 13**. Final PY2 expenditures and energy savings will be included in a subsequent report.

## **Progress Report**

As noted above, based on seven months of implementation for PY2, Southwest Gas expects to exceed PY1 expenditures, participation and energy savings. As a result, the actual cost-effectiveness ratio has increased for most of the programs and measures included in the Company's EE & RET Plan.

Pursuant to Decision No. 73229, Southwest Gas performed its biannual review of the performance of available measures and has included the actual cost-effectiveness ratios for each program and measure in this Report. In addition, the actual cost-effectiveness ratios for PY2 were calculated using the Staff-approved method with all criteria updated to reflect the most recent data available per Decision No. 74300 (Docket No. G-01551A-13-0170).

**Program Year 1 (PY1)**  
***June 1, 2012 – May 31, 2013***

Table 1 below shows the total approved annual budget and the actual PY1 expenditures between June 1, 2012 and May 31, 2013 identified by program and budget category.

**Table 1 – PY1: Budget and Expenditures**

Program	Annual Budget <sup>1</sup>	Expenditures (June 1, 2012 – May 31, 2013)					Program Total Cost
		Rebates	Administration	Outreach	Delivery	MV&E	
<b>Residential</b>							
<b>SGB Residential Rebates<sup>2</sup></b>	\$ -	\$ 250,000	\$ 3,401	\$ 39,785	\$ 77,208	\$ -	\$ 370,394
<b>SGB Homes</b>	\$ -	\$2,235,025	\$ 7,352	\$ 25,133	\$ 19,000	\$ -	\$2,286,510
<b>Total Residential</b>	\$ -	\$2,485,025	\$ 10,753	\$ 64,918	\$ 96,208	\$ -	\$2,656,904
<b>Non-Residential</b>							
<b>SGB Commercial Rebates<sup>2</sup></b>	\$ -	\$ 81,097	\$ 5,050	\$ 124,041	\$ 33,134	\$ -	\$ 243,322
<b>SGB Custom Commercial Rebates<sup>2</sup></b>	\$ -	\$ 20,474	\$ 1,000	\$ 14,538	\$ 38,078	\$ -	\$ 74,090
<b>SGB Distributed Generation</b>	\$ -	\$ 50,000	\$ 416	\$ 45,012	\$ 20,000	\$ -	\$ 115,428
<b>Total Non-Residential</b>	\$ -	\$ 151,571	\$ 6,466	\$ 183,591	\$ 91,212	\$ -	\$ 432,840
<b>Low-Income<sup>3</sup></b>							
<b>SGB LIEC: Weatherization<sup>4</sup></b>	\$ -	\$ 349,546	\$ -	\$ -	\$ -	N/A	\$ 349,546
<b>SGB LIEC: Bill Assistance<sup>5</sup></b>	\$ -	N/A	N/A	N/A	N/A	N/A	\$ 182,349
<b>Total Low-Income</b>	\$ -	\$ 349,546	\$ -	\$ -	\$ -	\$ -	\$ 531,895
<b>Total Energy Efficiency</b>	\$ -	\$2,986,142	\$ 17,219	\$ 248,509	\$187,420	\$ -	\$3,621,639
<b>Renewable Energy Resource Technology</b>							
<b>SGB Solar Thermal Rebates<sup>2</sup></b>	\$ -	\$ 673,978	\$ 2,586	\$ 31,576	\$103,743	\$ -	\$ 811,883
<b>Total EE &amp; RET Plan</b>	<b>\$4,700,000</b>	<b>\$3,660,120</b>	<b>\$ 19,805</b>	<b>\$ 280,085</b>	<b>\$291,163</b>	<b>\$ -</b>	<b>\$4,433,522</b>

<sup>1</sup> Decision Nos. 73231 and 73229 approving Southwest Gas' initial EE & RET Plan did not provide approved budgets for each program. A total budget of \$4.7 million was approved for the Company's entire EE & RET Plan.

<sup>2</sup> The SGB Residential Rebates, SGB Commercial Rebates, SGB Custom Commercial Rebates and SGB Solar Thermal Rebates programs did not launch until July 1, 2012.

<sup>3</sup> Low-income expenditures are included for the full program year, which is July 1, 2012 to June 30, 2013 and typically do not match the costs reported in Southwest Gas' general ledger system in the same period, due to timing differences. Lag times exist from the time the funds are advanced to the time the funds are expended and reported by the agencies. \$601,127 has been advanced for the SGB LIEC: Weatherization program and \$173,795 has been advanced for the SGB LIEC: Bill Assistance program, which matches Southwest Gas' general ledger system.

<sup>4</sup> Total expenditures for the SGB LIEC: Weatherization program including the additional \$200,000 shareholder funds added to the program budget per Decision No. 72723 are \$549,546 - with \$449,793 allocated to rebates, \$85,975 to administration, and \$13,778 to outreach. The rebates budget category includes non-energy benefits related to health and safety improvements. Program delivery and evaluation are performed by the Arizona Governor's OEP and community agencies and therefore, the associated costs are incorporated into the administration budget category.

<sup>5</sup> SGB LIEC: Bill Assistance is not a rebate program and does not adhere to the above budget categories; expenditures are identified in the Program Total Cost column only.

Table 2 below shows the PY1 estimated and actual participation numbers and annual therm savings for the period June 1, 2012 through May 31, 2013 for each program.

**Table 2 – PY1: Participation**

<b>Program</b>	<b>Estimated Participation</b>	<b>Participation (June 1, 2012 – May 31, 2013)</b>	<b>Annual Therm Savings<sup>1</sup></b>
<b>Residential</b>			
<b>SGB Residential Rebates<sup>2</sup></b>	2,375	863	34,313
<b>SGB Homes</b>	2,000	4,542	2,723,130
<b>Total Residential</b>	<b>4,375</b>	<b>5,405</b>	<b>2,757,443</b>
<b>Non-Residential</b>			
<b>SGB Commercial Rebates<sup>2</sup></b>	358	94	28,282
<b>SGB Custom Commercial Rebates<sup>2</sup></b>	12	1	224,125
<b>SGB Distributed Generation</b>	1	1	16,592
<b>Total Non-Residential</b>	<b>371</b>	<b>96</b>	<b>268,999</b>
<b>Low-Income<sup>3</sup></b>			
<b>SGB LIEC: Weatherization</b>	300	236	73,148
<b>SGB LIEC: Bill Assistance</b>	700	1,131	N/A
<b>Total Low-Income</b>	<b>1,000</b>	<b>1,367</b>	<b>73,148</b>
<b>Total Energy Efficiency</b>	<b>5,746</b>	<b>6,868</b>	<b>3,099,590</b>
<b>Renewable Energy Resource Technology</b>			
<b>SGB Solar Thermal Rebates<sup>2</sup></b>	194	184	46,537
<b>Total EE &amp; RET Plan</b>	<b>5,940</b>	<b>7,052</b>	<b>3,146,127</b>

<sup>1</sup> These values represent a combination of therms and therm equivalents from electric savings. In addition, the kWh savings are combined with the natural gas therm savings as therm equivalents for the annual and total lifetime energy savings reported. The therm equivalent value is calculated as the source fuel feeding the electric power plant. Through the efficiency of the power plant and transmission and distribution line losses, the kWh saved at the point of consumption is an estimated 30 percent of the total energy that is required to provide the electric power. Therefore, to calculate the total value of energy that is saved per kWh of electricity, Southwest Gas has multiplied the kWh savings by a factor of 3.340<sup>c</sup> for the cost-effectiveness tests.

<sup>2</sup> The SGB Residential Rebates, SGB Commercial Rebates, SGB Custom Commercial Rebates and SGB Solar Thermal Rebates programs did not launch until July 1, 2012.

<sup>3</sup> Participation for the SGB LIEC: Weatherization and Bill Assistance programs is included for the period covering July 1, 2012 through June 30, 2013. The annual therm savings for the SGB LIEC: Weatherization program includes estimated savings for the additional \$200,000 shareholder funds added to the program budget per Decision No. 72723.

<sup>c</sup> ENERGY STAR Performance Ratings Methodology for Incorporating Source Energy Use, March 2011

Per Decision No. 74300 (Docket No. G-01551A-13-0170), **Table 3** below is included to capture plan data. However, as mentioned above, a total budget of \$4.7 million was approved and implemented for PY1. Since Decision Nos. 73231 and 73229 did not provide approved budgets for each program, plan data is not available for PY1.

**Table 3 – PY1: Annual and Lifetime Therm Savings; Lifetime Societal Benefits, Costs and Net Benefits; and Cost-Effectiveness (Plan Data)**

<b>Program</b>	<b>Annual Therm Savings</b>	<b>Lifetime Therm Savings</b>	<b>Societal Benefits</b>	<b>Societal Costs</b>	<b>Net Benefits</b>	<b>Cost-Effectiveness Ratio</b>
<b>Residential</b>						
SGB Residential Rebates	N/A	N/A	N/A	N/A	N/A	N/A
SGB Homes	N/A	N/A	N/A	N/A	N/A	N/A
<i>Total Residential</i>	<i>N/A</i>	<i>N/A</i>	<i>N/A</i>	<i>N/A</i>	<i>N/A</i>	<i>N/A</i>
<b>Non-Residential</b>						
SGB Commercial Rebates	N/A	N/A	N/A	N/A	N/A	N/A
SGB Custom Commercial Rebates	N/A	N/A	N/A	N/A	N/A	N/A
SGB Distributed Generation	N/A	N/A	N/A	N/A	N/A	N/A
<i>Total Non-Residential</i>	<i>N/A</i>	<i>N/A</i>	<i>N/A</i>	<i>N/A</i>	<i>N/A</i>	<i>N/A</i>
<b>Low-Income</b>						
SGB LIEC: Weatherization	N/A	N/A	N/A	N/A	N/A	N/A
SGB LIEC: Bill Assistance	N/A	N/A	N/A	N/A	N/A	N/A
<i>Total Low-Income</i>	<i>N/A</i>	<i>N/A</i>	<i>N/A</i>	<i>N/A</i>	<i>N/A</i>	<i>N/A</i>
<b><i>Total Energy Efficiency</i></b>	<b><i>N/A</i></b>	<b><i>N/A</i></b>	<b><i>N/A</i></b>	<b><i>N/A</i></b>	<b><i>N/A</i></b>	<b><i>N/A</i></b>
<b>Renewable Energy Resource Technology</b>						
SGB Solar Thermal Rebates	N/A	N/A	N/A	N/A	N/A	N/A
<b>Total EE &amp; RET Plan</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>

**Table 4 – PY1: Annual and Lifetime Therm Savings; Lifetime Societal Benefits, Costs and Net Benefits; and Cost-Effectiveness (Actual Data)**

<b>Program</b>	<b>Annual Therm Savings<sup>1</sup></b>	<b>Lifetime Therm Savings<sup>1</sup></b>	<b>Societal Benefits</b>	<b>Societal Costs</b>	<b>Net Benefits</b>	<b>Cost-Effectiveness Ratio</b>
<b>Residential</b>						
SGB Residential Rebates <sup>2</sup>	34,313	4,502,879	\$563,653	\$568,996	(\$5,342)	0.99
SGB Homes	2,723,130	81,693,893	\$58,608,503	\$7,011,652	\$51,596,852	8.36
<i>Total Residential</i>	<i>2,757,443</i>	<i>86,196,772</i>	<i>\$59,172,157</i>	<i>\$7,580,647</i>	<i>\$51,591,509</i>	<i>7.81</i>
<b>Non-Residential</b>						
SGB Commercial Rebates <sup>2</sup>	28,282	379,551	\$223,118	\$263,896	(\$40,778)	0.85
SGB Custom Commercial Rebates <sup>2</sup>	224,125	3,137,750	\$1,835,311	\$86,750	\$1,748,561	21.16
SGB Distributed Generation	16,592	331,840	\$210,323	\$172,422	\$37,901	1.22
<i>Total Non-Residential</i>	<i>268,999</i>	<i>3,849,141</i>	<i>\$2,268,752</i>	<i>\$523,068</i>	<i>\$1,745,684</i>	<i>4.34</i>
<b>Low-Income</b>						
SGB LIEC: Weatherization	73,148	1,645,821	\$1,352,051	\$543,351	\$808,700	2.49
SGB LIEC: Bill Assistance <sup>3</sup>	N/A	N/A	\$0	\$0	\$0	N/A
<i>Total Low-Income</i>	<i>73,148</i>	<i>1,645,821</i>	<i>\$1,352,051</i>	<i>\$543,351</i>	<i>\$808,700</i>	<i>2.49</i>
<b>Total Energy Efficiency</b>	<b>3,099,590</b>	<b>91,691,734</b>	<b>\$62,792,960</b>	<b>\$8,647,067</b>	<b>\$54,145,893</b>	<b>7.26</b>
<b>Renewable Energy Resource Technology</b>						
SGB Solar Thermal Rebates <sup>2</sup>	46,537	930,740	\$589,911	\$1,043,287	(\$545,324)	N/A <sup>4</sup>
<b>Total EE &amp; RET Plan</b>	<b>3,146,127</b>	<b>92,622,474</b>	<b>\$63,382,871</b>	<b>\$9,690,354</b>	<b>\$53,600,569</b>	<b>6.54</b>

<sup>1</sup> These values represent a combination of therms and therm equivalents from electric savings. In addition, the kWh savings are combined with the natural gas therm savings as therm equivalents for the annual and total lifetime energy savings reported. The therm equivalent value is calculated as the source fuel feeding the electric power plant. Through the efficiency of the power plant and transmission and distribution line losses, the kWh saved at the point of consumption is an estimated 30 percent of the total energy that is required to provide the electric power. Therefore, to calculate the total value of energy that is saved per kWh of electricity, Southwest Gas has multiplied the kWh savings by a factor of 3.340<sup>d</sup> for the cost-effectiveness tests.

<sup>2</sup> The SGB Residential Rebates, SGB Commercial Rebates, SGB Custom Commercial Rebates and SGB Solar Thermal Rebates programs did not launch until July 1, 2012.

<sup>3</sup> There are no therm savings attributable to the SGB LIEC: Bill Assistance program.

<sup>4</sup> Pursuant to the Gas EE Standards, cost-effectiveness is not required for RET programs.

<sup>d</sup> ENERGY STAR Performance Ratings Methodology for Incorporating Source Energy Use, March 2011

PY1 estimated and actual participation, and therm and kWh savings for the period June 1, 2012 through May 31, 2013 for each Commission-approved program and measure are shown in **Tables 5 through 11** below. The planned cost-effectiveness ratio per measure as last calculated by the Commission's Utilities Division Staff (Staff)<sup>e</sup> and the actual cost-effectiveness ratio are also included in the tables.

**Table 5 – PY1: SGB Residential Rebates<sup>1</sup>**

Measure	Estimated Participation	Paid	Savings		Cost-Effectiveness Ratio	
			therms	kWh	Plan	Actual
Tankless Water Heater	625	344	20,640	N/A	0.94	0.91
Smart Low-Flow Showerhead	300	27	567	N/A	1.21	0.96
Clothes Dryer	625	90	900	N/A	1.55	0.77
Windows	100	167	2,177	109,496	1.45	0.91
Attic Insulation	625	231	6,212	N/A	0.97	1.10
Floor Insulation	100	4	81	N/A	1.35	1.58
<b>Total</b>	<b>2,375</b>	<b>863</b>	<b>30,577</b>	<b>109,496</b>	<b>N/A</b>	<b>0.99</b>

<sup>1</sup> Program launched July 1, 2012, however, the attic insulation and floor insulation measures were not available until September 1, 2012.

**Table 6 – PY1: SGB Homes**

Measure	Estimated Participation	Paid	Savings <sup>1</sup>		Cost-Effectiveness Ratio	
			therms	kWh	Plan	Actual
ENERGY STAR Home Certification	2,000	4,542	675,901	60,000,834	1.36	8.36
Tankless Water Heater	450	291			1.08	
Attic Insulation	250	0			1.44	
<b>Total Homes<sup>2</sup></b>	<b>2,000</b>	<b>4,542</b>			<b>N/A</b>	

<sup>1</sup> Savings are reported on a whole-home approach, not by measure.

<sup>2</sup> In order to qualify for the tankless water heater or attic insulation rebate, the home must also receive an ENERGY STAR Certification rebate. Total number of homes indicates the number of home certification rebates paid. Tankless water heater and attic insulation rebates are not added to this total, as they are already included with the home certification rebate paid total.

<sup>e</sup> Per Decision No. 74300 (Docket No. G-01551A-13-0170).

**Table 7 – PY1: SGB Commercial Rebates<sup>1</sup>**

Measure	Estimated Participation	Paid	Savings		Cost-Effectiveness Ratio	
			therms	kWh	Plan	Actual
Smart Low-Flow Showerhead	25	0	0	N/A	N/A	0.00
Clothes Dryer	25	0	0	N/A	N/A	0.00
Storage Water Heater	20	11	3,740	N/A	2.46	0.66
Tankless Water Heater	160	33	1,980	N/A	1.08	0.81
Non-Condensing Boiler	5	0	0	N/A	1.35	0.00
Condensing Boiler	15	1	1,418	N/A	1.47	1.53
Modulating Boiler Control	15	0	0	N/A	0.61-1.88	0.00
O <sub>2</sub> Trim Control Pad	15	0	0	N/A	N/A	0.00
Steam Trap	15	15	5,985	N/A	7.31	0.88
Air Curtain	25	3	4,347	N/A	2.22	1.17
Griddle	5	7	1,043	N/A	2.46	0.62
Fryer	6	23	8,280	N/A	1.38	0.64
Combination Oven	3	0	0	N/A	1.20	0.00
Conveyor Oven	3	0	0	N/A	2.70/ 2.08	0.00
Dishwasher – Low Temp: Door Type	3	0	0	N/A	1.48	0.00
Dishwasher – Low Temp: Single Tank	3	0	0	N/A	1.09	0.00
Dishwasher – Low Temp: Multi Tank	3	0	0	N/A	1.22	0.00
Dishwasher – High Temp: Under Counter	3	0	0	N/A	1.18	0.00
Dishwasher – High Temp: Door Type	3	0	0	0	1.53	0.00
Dishwasher – High Temp: Single Tank	3	0	0	0	1.75	0.00
Dishwasher – High Temp: Multi Tank	3	1	1,489	N/A	2.26	1.52
<b>Total</b>	<b>358</b>	<b>94</b>	<b>28,282</b>	<b>N/A</b>	<b>N/A</b>	<b>0.85</b>

<sup>1</sup> Program launched July 1, 2012.

**Table 8 – PY1: SGB Custom Commercial Rebates<sup>1</sup>**

Measure	Estimated Participation	Paid	Savings		Cost-Effectiveness Ratio	
			therms	kWh	Plan	Actual
Custom Rebates	12	1	224,125	N/A	3.55	21.16

<sup>1</sup> Program launched July 1, 2012.

**Table 9 – PY1: SGB Distributed Generation**

Measure	Estimated Participation	Paid	Savings		Cost-Effectiveness Ratio	
			therms	kWh	Plan	Actual
Fuel efficiency ≥ 60%	0	0	0	N/A	1.56	0.00
Fuel efficiency ≥ 65%	0	0	0	N/A		0.00
Fuel efficiency ≥ 70%	1	1	16,592	N/A		1.22
<b>Total</b>	<b>1</b>	<b>1</b>	<b>16,592</b>	<b>N/A</b>		<b>1.22</b>

**Table 10 – PY1: SGB Low-Income Energy Conservation**

Measure	Estimated Participation	Actual Participaton <sup>1</sup>	Savings <sup>1</sup>		Cost-Effectiveness Ratio	
			therms	kWh	Plan	Actual
Weatherization – Homes Assisted	300	236	9,676	1,860,246	0.98	2.49
Bill Assistance – Households Served	700	1,131	N/A	N/A	N/A	N/A
<b>Total</b>	<b>1,000</b>	<b>1,367</b>	<b>9,676</b>	<b>1,860,246</b>	<b>N/A</b>	<b>2.49</b>

<sup>1</sup> Participation and savings are included for the period covering July 1, 2012 through June 30, 2013.

**Table 11 – PY1: SGB Solar Thermal Rebates<sup>1</sup>**

Measure	Estimated Participation	Paid	Savings	
			therms	kWh
Residential Solar Water Heating System	144	174	21,265	N/A
Non-Residential Solar Water Heating System	36	7	16,270	N/A
Non-Residential Solar Pool Heating System	14	3	9,002	N/A
<b>Total</b>	<b>194</b>	<b>184</b>	<b>46,537</b>	<b>N/A</b>

<sup>1</sup> Program launched July 1, 2012.

**Program Year 2 (PY2)**  
***June 1, 2013 – December 31, 2013***

Table 12 below shows the total approved annual budget and the PY2 expenditures between June 1, 2013 and December 31, 2013 identified by program and budget category.

**Table 12 – PY2: Budget and Expenditures**

Program	Annual Budget <sup>1</sup>	Expenditures (June 1, 2013 – December 31, 2013)					Program Total Cost
		Rebates	Administration	Outreach	Delivery	MV&E	
<b>Residential</b>							
<b>SGB Residential Rebates</b>	\$ -	\$ 189,729	\$ 2,708	\$ 10,408	\$ 49,726	\$ -	\$ 252,570
<b>SGB Homes</b>	\$ -	\$1,823,200	\$ (2,097)	\$ 13,842	\$ 30,000	\$ -	\$1,864,944
<i>Total Residential</i>	\$ -	\$2,012,928	\$ 611	\$ 24,250	\$ 79,726	\$ -	\$2,117,515
<b>Non-Residential</b>							
<b>SGB Commercial Rebates</b>	\$ -	\$ 167,684	\$ 1,965	\$ 16,996	\$ 7,020	\$ -	\$ 193,665
<b>SGB Custom Commercial Rebates</b>	\$ -	\$ 51,729	\$ 32	\$ 3,758	\$ 30,213	\$ -	\$ 85,731
<b>SGB Distributed Generation</b>	\$ -	\$ -	\$ 1,590	\$ 3,382	\$ -	\$ -	\$ 4,972
<i>Total Non-Residential</i>	\$ -	\$ 219,414	\$ 3,587	\$ 24,135	\$ 37,233	\$ -	\$ 284,369
<b>Low-Income<sup>2</sup></b>							
<b>SGB LIEC: Weatherization<sup>3</sup></b>	\$ -	\$ 24,252	\$ -	\$ -	\$ -	N/A	\$ 24,252
<b>SGB LIEC: Bill Assistance<sup>4</sup></b>	\$ -	N/A	N/A	N/A	N/A	N/A	\$ 85,625
<i>Total Low-Income</i>	\$ -	\$ 24,252	\$ -	\$ -	\$ -	N/A	\$ 109,877
<b>Total Energy Efficiency</b>	\$ -	\$2,256,594	\$ 4,198	\$ 48,385	\$116,958	\$ -	\$2,511,761
<b>Renewable Energy Resource Technology</b>							
<b>SGB Solar Thermal Rebates</b>	\$ -	\$ 232,313	\$ 85	\$ -	\$ 73,636	\$ -	\$ 306,033
<b>Total EE &amp; RET Plan</b>	<b>\$4,700,000</b>	<b>\$2,488,906</b>	<b>\$ 4,283</b>	<b>\$ 48,385</b>	<b>\$190,594</b>	<b>\$ -</b>	<b>\$2,817,794</b>

<sup>1</sup> Decision Nos. 73231 and 73229 approving Southwest Gas' initial EE & RET Plan did not provide approved budgets for each program. A total budget of \$4.7 million was approved for the Company's entire EE & RET Plan in PY1, and continued into PY2 in the same fashion.

<sup>2</sup> Low-income expenditures are included for the first half of the program year, which is July 1, 2013 to December 31, 2013 and typically do not match the costs reported in Southwest Gas' general ledger system in the same period, due to timing differences. Lag times exist from the time the funds are advanced to the time the funds are expended and reported by the agencies. \$229,406 has been advanced for the SGB LIEC: Weatherization program and \$193,053 has been advanced for the SGB LIEC: Bill Assistance program, which matches Southwest Gas' general ledger system.

<sup>3</sup> Total expenditures for the SGB LIEC: Weatherization program including the additional \$200,000 shareholder funds added to the program budget per Decision No. 72723 are \$224,252 - with \$172,049 allocated to rebates, \$40,740 to administration, and \$11,463 to outreach. The rebates budget category includes non-energy benefits related to health and safety improvements. Program delivery and evaluation are performed by the Arizona Governor's OEP and community agencies and therefore, the associated costs are incorporated into the administration budget category.

<sup>4</sup> SGB LIEC: Bill Assistance is not a rebate program and does not adhere to the above budget categories; expenditures are identified in the Program Total Cost column only.

Table 13 below shows the PY2 number of rebates paid, pending and total rebates for the period June 1, 2013 through December 31, 2013 for each program.

**Table 13 – PY2: Participation**

Program	Estimated Participation	Participation (June 1, 2013 – December 31, 2013)			Annual Therm Savings <sup>1</sup>
		Paid	Pending	Total	
<b>Residential</b>					
<b>SGB Residential Rebates</b>	1,459	755	108	863	28,930
<b>SGB Homes</b>	3,082	3,634	0	3,634	2,480,934
<i>Total Residential</i>	<i>4,541</i>	<i>4,389</i>	<i>108</i>	<i>4,497</i>	<i>2,509,864</i>
<b>Non-Residential</b>					
<b>SGB Commercial Rebates</b>	119	100	32	132	46,684
<b>SGB Custom Commercial Rebates</b>	32	12	2	14	355,198
<b>SGB Distributed Generation</b>	1	0	2	2	0
<i>Total Non-Residential</i>	<i>152</i>	<i>112</i>	<i>36</i>	<i>148</i>	<i>401,882</i>
<b>Low-Income<sup>2</sup></b>					
<b>SGB LIEC: Weatherization</b>	300	79	N/A	79	24,486
<b>SGB LIEC: Bill Assistance</b>	700	514	N/A	514	N/A
<i>Total Low-Income</i>	<i>1,000</i>	<i>593</i>	<i>N/A</i>	<i>593</i>	<i>24,486</i>
<b>Total Energy Efficiency</b>	<b>5,693</b>	<b>5,094</b>	<b>144</b>	<b>5,238</b>	<b>2,936,232</b>
<b>Renewable Energy Resource Technology</b>					
<b>SGB Solar Thermal Rebates</b>	116	132	66	198	16,038
<b>Total EE &amp; RET Plan</b>	<b>5,809</b>	<b>5,226</b>	<b>210</b>	<b>5,436</b>	<b>2,952,270</b>

<sup>1</sup> These values represent a combination of therms and therm equivalents from electric savings. In addition, the kWh savings are combined with the natural gas therm savings as therm equivalents for the annual and total lifetime energy savings reported. The therm equivalent value is calculated as the source fuel feeding the electric power plant. Through the efficiency of the power plant and transmission and distribution line losses, the kWh saved at the point of consumption is an estimated 30 percent of the total energy that is required to provide the electric power. Therefore, to calculate the total value of energy that is saved per kWh of electricity, Southwest Gas has multiplied the kWh savings by a factor of 3.340<sup>f</sup> for the cost-effectiveness tests.

<sup>2</sup> Participation for the SGB LIEC: Weatherization and Bill Assistance programs is included for the period covering July 1, 2013 through December 31, 2013. The annual therm savings for the SGB LIEC: Weatherization program includes estimated savings for the additional \$200,000 shareholder funds added to the program budget per Decision No. 72723.

<sup>f</sup> ENERGY STAR Performance Ratings Methodology for Incorporating Source Energy Use, March 2011

Per Decision No. 74300 (Docket No. G-01551A-13-0170), **Table 14** below is included to capture plan data for the first seven months of PY2. However, as mentioned above, a total budget of \$4.7 million was approved for Southwest Gas' initial EE & RET Plan, which was implemented for PY2. Since there are no program-specific budgets, plan data is not available for PY2.

**Table 14 – PY2: Annual and Lifetime Therm Savings; Lifetime Societal Benefits, Costs and Net Benefits; and Cost-Effectiveness (Plan Data)**

<b>Program</b>	<b>Annual Therm Savings</b>	<b>Lifetime Therm Savings</b>	<b>Societal Benefits</b>	<b>Societal Costs</b>	<b>Net Benefits</b>	<b>Cost-Effectiveness Ratio</b>
<b>Residential</b>						
SGB Residential Rebates	N/A	N/A	N/A	N/A	N/A	N/A
SGB Homes	N/A	N/A	N/A	N/A	N/A	N/A
<i>Total Residential</i>	<i>N/A</i>	<i>N/A</i>	<i>N/A</i>	<i>N/A</i>	<i>N/A</i>	<i>N/A</i>
<b>Non-Residential</b>						
SGB Commercial Rebates	N/A	N/A	N/A	N/A	N/A	N/A
SGB Custom Commercial Rebates	N/A	N/A	N/A	N/A	N/A	N/A
SGB Distributed Generation	N/A	N/A	N/A	N/A	N/A	N/A
<i>Total Non-Residential</i>	<i>N/A</i>	<i>N/A</i>	<i>N/A</i>	<i>N/A</i>	<i>N/A</i>	<i>N/A</i>
<b>Low-Income</b>						
SGB LIEC: Weatherization	N/A	N/A	N/A	N/A	N/A	N/A
SGB LIEC: Bill Assistance	N/A	N/A	N/A	N/A	N/A	N/A
<i>Total Low-Income</i>	<i>N/A</i>	<i>N/A</i>	<i>N/A</i>	<i>N/A</i>	<i>N/A</i>	<i>N/A</i>
<b>Total Energy Efficiency</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>
<b>Renewable Energy Resource Technology</b>						
SGB Solar Thermal Rebates	N/A	N/A	N/A	N/A	N/A	N/A
<b>Total EE &amp; RET Plan</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>

**Table 15 – PY2: Annual and Lifetime Therm Savings; Lifetime Societal Benefits, Costs and Net Benefits; and Cost-Effectiveness (Actual Data)**

Program	Annual Therm Savings <sup>1</sup>	Lifetime Therm Savings <sup>1</sup>	Societal Benefits	Societal Costs	Net Benefits	Cost-Effectiveness Ratio
<b>Residential</b>						
SGB Residential Rebates	28,930	5,179,830	\$513,743	\$481,469	\$32,274	1.07
SGB Homes	2,480,934	74,428,024	\$50,675,115	\$5,547,247	\$45,127,868	9.14
<i>Total Residential</i>	<i>2,509,864</i>	<i>79,607,854</i>	<i>\$51,188,858</i>	<i>\$6,028,716</i>	<i>\$45,160,142</i>	<i>8.49</i>
<b>Non-Residential</b>						
SGB Commercial Rebates	46,684	697,179	\$407,794	\$207,701	\$200,093	1.96
SGB Custom Commercial Rebates	355,198	4,918,262	\$2,795,376	\$134,371	\$2,661,005	20.80
SGB Distributed Generation	0	0	\$0	\$0	\$0	0.00
<i>Total Non-Residential</i>	<i>401,882</i>	<i>5,615,441</i>	<i>\$3,203,170</i>	<i>\$342,072</i>	<i>\$2,861,098</i>	<i>9.36</i>
<b>Low-Income</b>						
SGB LIEC: Weatherization	24,486	550,932	\$430,157	\$219,225	\$210,932	1.96
SGB LIEC: Bill Assistance <sup>2</sup>	N/A	N/A	\$0	\$0	\$0	N/A
<i>Total Low-Income</i>	<i>24,486</i>	<i>550,932</i>	<i>\$430,157</i>	<i>\$219,225</i>	<i>\$210,932</i>	<i>1.96</i>
<b>Total Energy Efficiency</b>	<b>2,936,232</b>	<b>85,774,227</b>	<b>\$54,822,185</b>	<b>\$6,590,013</b>	<b>\$48,232,172</b>	<b>8.32</b>
<b>Renewable Energy Resource Technology</b>						
SGB Solar Thermal Rebates	16,038	320,760	\$197,892	\$625,650	(\$427,758)	N/A <sup>3</sup>
<b>Total EE &amp; RET Plan</b>	<b>2,952,270</b>	<b>86,094,987</b>	<b>\$55,020,077</b>	<b>\$7,215,663</b>	<b>\$47,804,414</b>	<b>7.63</b>

<sup>1</sup> These values represent a combination of therms and therm equivalents from electric savings. In addition, the kWh savings are combined with the natural gas therm savings as therm equivalents for the annual and total lifetime energy savings reported. The therm equivalent value is calculated as the source fuel feeding the electric power plant. Through the efficiency of the power plant and transmission and distribution line losses, the kWh saved at the point of consumption is an estimated 30 percent of the total energy that is required to provide the electric power. Therefore, to calculate the total value of energy that is saved per kWh of electricity, Southwest Gas has multiplied the kWh savings by a factor of 3.340<sup>9</sup> for the cost-effectiveness tests.

<sup>2</sup> There are no therm savings attributable to the SGB LIEC: Bill Assistance program.

<sup>3</sup> Pursuant to the Gas EE Standards, cost-effectiveness is not required for RET programs.

<sup>9</sup> ENERGY STAR Performance Ratings Methodology for Incorporating Source Energy Use, March 2011

PY2 estimated and actual participation, and therm and kWh savings for the period June 1, 2013 through December 31, 2013 for each Commission-approved program and measure are shown in **Tables 16 through 22** below. The planned cost-effectiveness ratio per measure as last calculated by Staff<sup>h</sup>, and the actual cost-effectiveness ratio are also included in the tables.

**Table 16 – PY2: SGB Residential Rebates**

Measure	Estimated Participation	Paid	Savings		Cost-Effectiveness Ratio	
			therms	kWh	Plan	Actual
Tankless Water Heater	384	219	13,140	N/A	0.94	1.00
Smart Low-Flow Showerhead	184	21	441	N/A	1.21	1.23
Clothes Dryer	384	60	600	N/A	1.55	0.90
Windows	61	179	2,621	131,784	1.45	0.96
Attic Insulation	384	274	7,612	N/A	0.97	1.13
Floor Insulation	61	2	20	N/A	1.35	1.64
<b>Total</b>	<b>1,459</b>	<b>755</b>	<b>24,434</b>	<b>131,784</b>	<b>N/A</b>	<b>1.07</b>

**Table 17 – PY2: SGB Homes**

Measure	Estimated Participation	Paid	Savings <sup>1</sup>		Cost-Effectiveness Ratio	
			therms	kWh	Plan	Actual
ENERGY STAR Home Certification	3,082	3,634	819,812	48,684,705	1.36	9.14
Tankless Water Heater	693	419			1.08	
Attic Insulation	385	1			1.44	
<b>Total Homes<sup>2</sup></b>	<b>3,082</b>	<b>3,634</b>			<b>N/A</b>	

<sup>1</sup> Savings are reported on a whole-home approach, not by measure.

<sup>2</sup> In order to qualify for the tankless water heater or attic insulation rebate, the home must also receive an ENERGY STAR Certification rebate. Total number of homes indicates the number of home certification rebates paid. Tankless water heater and attic insulation rebates are not added to this total, as they are already included with the home certification rebate paid total.

<sup>h</sup> Per Decision No. 74300 (Docket No. G-01551A-13-0170).

**Table 18 – PY2: SGB Commercial Rebates**

Measure	Estimated Participation	Paid	Savings		Cost-Effectiveness Ratio	
			therms	kWh	Plan	Actual
Smart Low-Flow Showerhead	8	0	0	N/A	N/A	0.00
Clothes Dryer	8	0	0	N/A	N/A	0.00
Storage Water Heater	7	6	2,040	N/A	2.46	1.35
Tankless Water Heater	53	16	960	N/A	1.08	1.19
Non-Condensing Boiler	2	0	0	N/A	1.35	0.00
Condensing Boiler	5	1	1,418	N/A	1.47	1.81
Modulating Boiler Control	5	2	4,200	N/A	0.61-1.88	2.04
O <sub>2</sub> Trim Control Pad	5	2	10,000	N/A	N/A	9.06
Steam Trap	5	0	0	N/A	7.31	0.00
Air Curtain	8	1	1,449	N/A	2.22	3.56
Griddle	2	4	596	N/A	2.46	1.15
Fryer	2	63	22,680	N/A	1.38	1.23
Combination Oven	1	2	806	N/A	1.20	1.57
Conveyor Oven	1	3	2,535	N/A	2.70/2.08	3.35
Dishwasher – Low Temp: Door Type	1	0	0	N/A	1.48	0.00
Dishwasher – Low Temp: Single Tank	1	0	0	N/A	1.09	0.00
Dishwasher – Low Temp: Multi Tank	1	0	0	N/A	1.22	0.00
Dishwasher – High Temp: Under Counter	1	0	0	N/A	1.18	0.00
Dishwasher – High Temp: Door Type	1	0	0	0	1.53	0.00
Dishwasher – High Temp: Single Tank	1	0	0	0	1.75	0.00
Dishwasher – High Temp: Multi Tank	1	0	0	N/A	2.26	0.00
<b>Total</b>	<b>119</b>	<b>100</b>	<b>46,684</b>	<b>N/A</b>	<b>N/A</b>	<b>1.96</b>

**Table 19 – PY2: SGB Custom Commercial Rebates**

Measure	Estimated Participation	Paid	Savings		Cost-Effectiveness Ratio	
			therms	kWh	Plan	Actual
Custom Rebates	32	12	355,198	N/A	3.55	20.80

**Table 20 – PY2: SGB Distributed Generation**

Measure	Estimated Participation	Paid	Savings		Cost-Effectiveness Ratio	
			therms	kWh	Plan	Actual
Fuel efficiency ≥ 60%	0	0	0	N/A	1.56	0.00
Fuel efficiency ≥ 65%	0	0	0	N/A		0.00
Fuel efficiency ≥ 70%	1	0	0	N/A		0.00
<b>Total</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>N/A</b>		<b>0.00</b>

**Table 21 – PY2: SGB Low-Income Energy Conservation**

Measure	Estimated Participation	Actual Participaton <sup>1</sup>	Savings <sup>1</sup>		Cost-Effectiveness Ratio	
			therms	kWh	Plan	Actual
Weatherization – Homes Assisted	300	79	3,239	622,710	0.98	1.96
Bill Assistance – Households Served	700	514	N/A	N/A	N/A	N/A
<b>Total</b>	<b>1,000</b>	<b>593</b>	<b>3,239</b>	<b>622,710</b>	<b>N/A</b>	<b>1.96</b>

<sup>1</sup> Participation and savings are included for the first half of the program year, which is July 1, 2013 to December 31, 2013.

**Table 22 – PY2: SGB Solar Thermal Rebates**

Measure	Estimated Participation	Paid	Savings	
			therms	kWh
Residential Solar Water Heating System	86	124	13,561	N/A
Non-Residential Solar Water Heating System	22	3	2,089	N/A
Non-Residential Solar Pool Heating System	8	1	388	N/A
<b>Total</b>	<b>116</b>	<b>128</b>	<b>16,038</b>	<b>N/A</b>

## Conclusion

Southwest Gas' approved EE & RET Plan has resulted in increased program participation and energy savings for customers on their natural gas and electric bills. For PY1, Southwest Gas expended approximately 94% of its \$4.7 million approved budget and the Company expects to exceed its PY1 expenditures in PY2. These milestones represent significantly improved customer responsiveness to the Company's EE & RET Plan over a relatively short period of time. Southwest Gas will continue to monitor the effectiveness of the programs and measures included as part of its EE and RET Plan and will propose program and budget modifications in future filings as necessary to address customer interests and, more specifically, to meet the goals set forth in the Gas EE Standards.