

NEW APPLICATION



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BEFORE THE ARIZONA CORPORATION COMMISSION

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**COMMISSIONERS**  
SUSAN BITTER SMITH, CHAIRMAN  
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TOM FORESE

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AZ CORP COMMISSION  
DOCKET CONTROL

**ORIGINAL**

IN THE MATTER OF NAVOPACHE  
ELECTRIC COOPERATIVE, INC.'S  
REQUEST FOR APPROVAL OF ITS 2016 –  
2017 ELECTRIC ENERGY EFFICIENCY  
PLAN, INCLUDING NEW DEMAND SIDE  
MANAGEMENT PROGRAMS AND  
DEMAND SIDE MANAGEMENT ADDER;  
REQUEST FOR PARTIAL WAIVER  
PURSUANT TO THE ENERGY EFFICIENCY  
STANDARD RULES

DOCKET NO. E-01787A-15-0181

APPLICATION AND  
REQUEST FOR WAIVER  
Arizona Corporation Commission

**DOCKETED**

JUN 01 2015

DOCKETED BY

Navopache Electric Cooperative, Inc. (“Navopache”), by and through its attorneys, pursuant to Arizona Administrative Code (“A.A.C.”) R14-2-2418(B), hereby requests the Arizona Corporation Commission (“Commission”) approve as Navopache’s 2016-2017 Electric Energy Efficiency Implementation Plan (2016 – 2017 EE/DSM Plan), including energy efficiency and demand side management programs and a demand side management adder, the Amendment to an Application, filed March 15, 2013 in Docket No. E-01787A-11-0229 (“Amendment”), and hereby incorporates the Amendment as if set forth in full herein. Navopache further respectfully requests a waiver of the Energy Efficiency Standard Rules, and in particular, the annual and cumulative requirements of A.A.C. R14-2-2418(C) and R14-2-2404, allowing the Commission-approved EE Plans to substitute therefore.

Navopache filed its application for approval of its 2012-2013 Energy Efficiency Implementation Plan and Request for Partial Waiver four (4) years ago on June 1, 2011 in Docket No. E-01787A-11-0229 (“2012-2013 EE Plan”). Navopache filed its Application and Request for Waiver related to its 2014-2015 Energy Efficiency Implementation Plan on March 31, 2013 in

1 Docket No. E-01787A-13-0168 ("2014-2015 EE Plan"). The two dockets were consolidated by  
2 Procedural Order dated June 30, 2014. The Commission has not yet acted on the previous  
3 Applications and Requests for Waiver.

4 Navopache has previously emphasized the need to act promptly on its pending applications.  
5 All costs associated with electric energy efficiency and demand side management programs were  
6 excluded from the new rates set for Navopache by Decision No. 73255, dated July 30, 2012, as both  
7 Navopache and Staff anticipated a DSM cost recovery tariff would be in place shortly to provide  
8 funding for both its existing and proposed DSM programs. In fact, Decision No. 73255 expressly  
9 provided:

10 A DSM adjustor mechanism should be established for Navopache in this  
11 rate case. The DSM adjustor mechanism should be assessed on a per-kWh  
12 basis, and should appear as a separate line item on customer bills, showing  
13 the unit charge and the number of kWh to which the charge applies. The  
14 initial adjustor rate should be the same as the DSM cost recovery tariff  
ultimately approved in Docket No. E-01787-11-0229. Subsequent changes  
to the adjustor rates should be set in connection with each EEE  
Implementation Plan submitted by Navopache and approved pursuant to  
the EEE Rules, or as otherwise ordered.

15 All correspondence with regard to this Application should be sent to:

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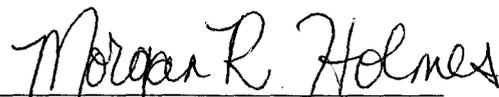
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9 WHEREFORE, Navopache Electric Cooperative, Inc. respectfully requests the Arizona  
10 Corporation Commission:

- 11 1. Timely review and approve its 2016 – 2017 Electric Energy Efficiency  
12 Implementation Plan as fair and reasonable;
- 13 2. Authorize the implementation of the proposed DSM Adjustor of  
14 \$0.00032 per kWh to be applied to all of the Cooperative's Standard Offer Tariffs;
- 15 3. Waive the provisions of the Energy Efficiency Standards and, in particular, the  
16 energy savings annual and cumulative requirements of A.A.C. R14-2-2418(C) and  
17 A.A.C. R14-2-2404; and
- 18 4. Grant such other relief as the Commission deems just and appropriate.

19 DATED this 1<sup>st</sup> day of June, 2015.

20 CURTIS, GOODWIN, SULLIVAN,  
21 UDALL & SCHWAB, P.L.C.

22 By: 

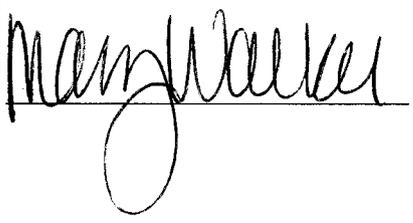
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PROOF OF AND CERTIFICATE OF MAILING

I hereby certify that on this 1<sup>st</sup> day of June, 2015, 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



NAVOPACHE ELECTRIC COOPERATIVE,  
INC.  
2016-2017 ELECTRIC ENERGY  
EFFICIENCY IMPLEMENTATION PLAN

JUNE 1<sup>ST</sup> 2015

*A.A.C. R14-2-2405*



## Table of Contents

Overview _____	1
Background _____	1
Navopache Service Territory _____	1
2016-2017 EE Plan Program Updates _____	3
Waiver Request _____	3
2016-2017 EE Plan Budget and Tariff _____	4
Energy Efficiency/Demand Side Management Program Portfolio _____	6
Request for Flexibility to Shift EE Funds between Programs _____	7
Energy Efficiency (EE) Programs _____	7
CFL Lighting Program – Member Discount _____	7
CFL Lighting Program - Giveaway _____	8
Residential Energy Audit Program _____	8
Refrigerator/Freezer Recycling Program _____	8
Northern Arizona Council of Governments (NACOG) Weatherization Program _____	9
Commercial Retro-Fit Rebate Program _____	10
Demand Side Management (DSM) Programs _____	10
Off-Peak ETS Heater Program _____	10
Off-Peak Water Heater Timer Program _____	10
Program Administration/Management _____	12
Program Monitoring _____	12
Reporting and Plan Development _____	12
Advertising and Promotion _____	12
Exhibits _____	13
Exhibit 1 - 2009-2013 American Community Survey 5-Year Estimates published by the U.S. Census Bureau's American Community Survey (ACS) _____	14
Exhibit 2 – 2016-2017 EE Plan Projected kWh Savings _____	16
Exhibit 3 - EE Estimated Operating Costs/Budget _____	17

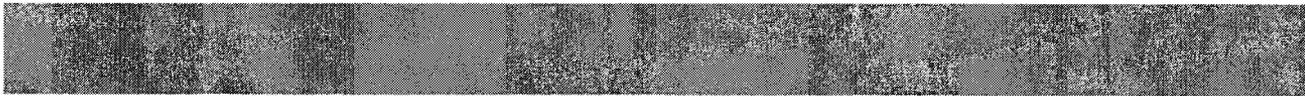


Exhibit 4 - Navopache Estimated DSM Factor Impact to Member _____	18
Exhibit 5 - Navopache Electric Cooperative 2016-2017 EE Plan Benefit/Cost Analysis __	19
Appendices _____	20
Appendix 1 – Demand Side Management Adder _____	21

## Overview

The Arizona Corporation Commission ("Commission") approved the Electric Energy Efficiency Standards ("EE Standards") in Decision No. 71819 dated August 12, 2010. Among other things, the EE Standards require that an Electric Distribution Cooperative, such as Navopache Electric Cooperative ("Navopache"), file an implementation plan that sets forth an energy efficiency goal for each year of at least 75% of the savings requirement of an affected utility specified in R14-2-2404 and shall include the information required under R14-2-2405(B).

The EE Standards contain a section that specifically addresses compliance by electric power cooperatives. R14-2-2418 instructs the cooperatives that on June 1 of each odd year, or annually at its election, it shall "file with Docket Control, for Commission review and approval, an implementation plan for each DSM program to be implemented or maintained during the next one or two calendar years, as applicable." An electric distribution cooperative shall comply with the requirements of this Section instead of meeting the requirements of R14-2-2404(A) and (B) and R14-2-2405(A).

Pursuant to the EE Standards, Navopache submits this Electric Energy Efficiency Implementation Plan for calendar years 2016-2017 (the "2016-2017 EE Plan").

### BACKGROUND

Navopache filed a 2012-2013 Electric Energy Efficiency Implementation Plan (EE Plan) on June 1, 2011. The 2012-2013 EE Plan has not yet received Arizona Corporation Commission ("Commission") approval. On March 15, 2013 Navopache filed an Amendment to the Application in Docket No. E-01787A-11-0229 ("Amendment") with a proposed a portfolio of programs that were likely to be successful within its service territory. Since Commission Staff will now need to review the 2016-2017 Plan, Navopache wishes to replace the 2012-2013 EE Plan and the 2014-2015 EE Plan with the 2016-2017 EE Plan. Navopache further respectfully requests a waiver of the Energy Efficiency Standard 16.5% cumulative requirements of A.A.C. R14-2-2418(C) and R14-2-2404, allowing the Commission approved EE Plans to substitute therefore.

### NAVOPACHE SERVICE TERRITORY

Navopache is a rural electric transmission and distribution cooperative headquartered in Lakeside, Arizona. Navopache provides electric service to approximately 40,000 members in its 10,000 square mile service territory covering east-central Arizona and west-central New Mexico. Navopache owns and operates 263 miles of 69kV sub-transmission lines, 3,478 miles

of 24.9/14.4kV distribution lines, and employs 96 full time employees. Navopache is an "all-requirements" wholesale power customer of the Public Service Company of New Mexico ("PNM"). In 2014, Navopache delivered 389.4 gigawatt hours in retail sales to its ARIZONA membership with 90% of the member base being residential.

Navopache's service territory primarily serves Navajo and Apache Counties, which are reported as two poorest counties in the state of Arizona<sup>1</sup>. Navajo County's median income falls nearly \$13,000 below the median income level for the state. Apache County's median household income falls \$18,000 below the median household income for the state. This same study identifies Apache and Navajo counties to have the highest unemployment rates, percentage of income levels that fall below the poverty level, and residents requiring supplemental government assistance. The statistical data for Navopache's territory fully emphasizes the need to encourage energy efficiency and demand side management measures that are both cost effective and surcharge accountable.

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<sup>1</sup> Exhibit 1 - 2009-2013 American Community Survey 5-Year Estimates published by the U.S. Census Bureau's American Community Survey (ACS)

## 2016-2017 EE Plan Program Updates

- Waiver Request: R14-2-2418(B) states that Electric Distribution Cooperatives must obtain 75% of the savings goal outlined in ACC R14-2-2404. Navopache's savings will be roughly 6.11% of the EE Rules requirement for cooperatives for 2016 and 5.01% of the EE Rules requirement for cooperatives for 2017. Given the estimated current program savings<sup>2</sup>, Navopache hereby seeks a waiver under R14-2-2419 from the annual and cumulative standard requirements.
- Navopache estimates kWh savings of 2,140,152 in 2016 and 2,105,467 in 2017 from existing and new programs which cumulates to a total reduction in kWh of 0.544% by 2017 calendar year.
- Navopache updated the 2016-2017 EE Plan Budget that includes an EE surcharge of \$.00032/kWh which results in total annual dollars to fund the EE and DSM Programs of \$123,987.32.
- Navopache updated the Program Portfolio to ensure no additional financial burden is passed on to our members.

### WAIVER REQUEST

In Decision No. 73257, dated July 30, 2012, the Arizona Corporation Commission granted Graham County Electric a waiver from meeting the cumulative EE rule requirement of 16.50%. Navopache requests a waiver from the cumulative EE rule requirements for the reasons stated below.

First, the EE rules require a Cooperative to achieve an EE savings of 0.94% in 2011 and 2.25% in 2012, 3.75% in 2013, 5.438% in 2014, 7.125% in 2015, 9.0% in 2016, and 10.875% in 2017. Since the EE rule requirement is a cumulative requirement that extends to the year 2020, the difference between the EE requirement and what a Cooperative has achieved will accumulate in each year thereafter until the year 2020.

To attain the EE rule requirements, Navopache would be forced to impose a substantial increase to the proposed Demand Side Management Adder resulting in an unacceptable financial burden to all consumer classes in an already repressed economy thus counteracting any Societal Benefits which may be achieved. Navopache believes that the outlined EE budget and surcharge implementation plan achieves a balance that will be appropriate for Arizona consumers residing in our service territory.

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<sup>2</sup> Exhibit 2 – 2016-2017 EE Plan Projected kWh Savings

Second, Navopache submits the 2016-2017 EE Plan which combines cost effective energy management programs it believes will be successful and will not impose an increased cost to our member base. Navopache's service territory consists of a consumer base that is unique to utility service territories in the state. Navopache is a winter peaking utility comprised of a 90% residential consumer class, approximately 30% of which are seasonal residences.

Navopache's conservation programs are voluntary programs contingent upon financial investments by consumers and in some cases would require EE investments in a non-primary residence. Consequently, additional programs will not ensure EE Compliance.

Third, according to statements made by ACC Staff at the July 18, 2012 Open Meeting, Navopache will be in non-compliance with EE rules if a waiver is not granted, and potentially subject to future sanctions by the Commission. The Commission could grant Navopache a partial waiver for the 2011, 2012, 2013, 2014 and 2015 EE requirements. However, without EE programs that can be used to meet the EE rule requirements in a cost effective manner, Navopache will not be able to catch-up with the EE requirements and will be placed in a position where it will need to file for waivers each time it files an EE plan.

Further, as a condition of receiving a waiver from the cumulative EE requirement, Navopache will agree to file a biannual EE plan in compliance with the EE Rules that will contain EE goals, a budget and a surcharge which is appropriate for its members and service area. Commission Staff, other interested parties and members would be able to provide comments and recommendations on Navopache's plan as a part of the Commission approval process. As new EE programs and technologies become available, these can be added to Navopache's plan. With these conditions, the waiver granted to Navopache will be similar to the electric cooperative provisions under the Renewable Energy Standard and Tariff ("REST") rules.

#### 2016-2017 EE PLAN BUDGET AND TARIFF

Navopache's 2016-2017 EE Plan estimates an annual budget of \$123,987.32 for 2016 and an estimated annual budget of \$123,408.11 for 2017. A summarized budget, by program, can be found in Exhibit 3 - EE Estimated Operating Costs/Budget. Based on forecasted ARIZONA energy sales, an EE surcharge rate of \$0.00032/kWh will be required to implement the 2016-2017 EE Plan. Navopache has on file a Public Benefits Charge (PBC) that is currently \$0.00032kWh. Navopache proposes to eliminate the PBC and replace it with an Energy Efficiency Plan Tariff. Based on the proposed budget, the Navopache members will not see an increase or a decrease to their monthly electric bill. Exhibit 4, Navopache Estimated DSM Factor Impact to Member summarizes the average impact on members with the proposed 2016-2017 EE Plan Budget and DSM.

Based on the programs proposed under Navopache's 2016-2017 EE Plan, savings are anticipated at a total of 2,140,152 kWh or 0.550% of Navopache's projected 2016 kWh sales and a total of 2,105,467 kWh savings or 0.544% of Navopache's projected 2017 kWh sales.

## Energy Efficiency/Demand Side Management Program Portfolio

Within the 2016-2017 EE Plan, Navopache proposes a portfolio of programs with the potential to benefit the majority of our members and provide economical energy solutions to those it serves. Navopache has included only programs that will be attractive to its members, are designed to be cost-beneficial, and will not increase our members' monthly billing statements. By doing so, Navopache will be providing cost-effective programs that meet the objective of reducing energy use and reducing peak demand, thereby maximizing the potential for energy efficiency savings in a cost-effective manner. Given Navopache's consumer base, service territory, and commitment to minimizing costs, Navopache has explored and chosen programs that will be the most attractive to its members while not being unduly burdensome to either Navopache or its member base. After completing estimates of EE savings from its proposed EE programs, Navopache has concluded a waiver from the EE rule requirements is necessary.

Navopache proposes to offer Energy Efficiency ("EE") and DSM programs. Those programs are:

### Energy Efficiency (EE) Programs

- CFL Lighting Program – Member Discount
- CFL Lighting Program - Giveaway
- Residential Energy Audit Program
- NACOG Weatherization Program
- Residential Refrigerator/Freezer Recycling
- Commercial Retro-Fit Rebate Program

### Demand Side Management (DSM) Programs

- Off-Peak ETS Heater Program
- Off-Peak Water Heater Timer Program

Exhibit 5 entitled "Navopache Electric Cooperative 2016-2017 EE Plan Benefit/Cost Analysis" sets forth a summary of the societal cost/benefit ratios as well as the energy and environmental savings associated with each program included in Navopache's Program Portfolio.

### Request for Flexibility to Shift EE Funds between Programs

All programs will be available until the budget funds for the program are exhausted. However, Navopache seeks ACC authorization to shift approved EE Plan funds between programs, in order to increase budgets for programs in the 2016 - 2017 EE Plan where cost-effective. If this flexibility is approved, Navopache will notify Staff of any plan to shift funds not less than 30 days prior to implementing the shift. If Staff notifies Navopache in writing that it opposes the shift of funds, no shift will occur unless Navopache first secures an order of the Commission authorizing the shift.

### Navopache's 2016-2017 EE Plan goals and objectives are as follows:

- Implement EE and DSM programs that are the most cost-effective and maintainable given Navopache's limited personnel, resources and budget.
- Expand Navopache's EE and DSM Program Portfolio to ensure the highest possible participation by its customers while balancing Navopache's need to minimize additional rate costs for customers against meeting the EE Standards.
- When possible, coordinate current and future EE and DSM program opportunities with other electric distribution cooperatives and investor owned utilities.
- Educate members on how to better conserve energy through behavior modifications and other energy conservation measures.
- Provide cost beneficial incentives to our members without increasing their monthly billing amounts.

## ENERGY EFFICIENCY (EE) PROGRAMS

### **CFL Lighting Program – Member Discount**

**Residential/Non-Residential:** This program will be new to Navopache with the approval of its 2016- 2017 EE Plan. The purpose of this program is to assist Navopache members with the purchase of high-efficiency CFLs with the potential for whole house energy efficiency lighting conversion. Navopache will manage, market, advertise, and stock CFL bulbs for our members to purchase at a discounted rate. To ensure our members are receiving the greatest value, Navopache will negotiate the lowest possible cost per bulb, and if beneficial, jointly purchase CFLs with other utilities.

Navopache members will have the opportunity to purchase CFL multipacks at our offices located in Lakeside, Overgaard, Springerville, St. Johns and Whiteriver. The cost of the bulbs will be paid upfront and the charge and payment will appear on the following month's electric bill.

Navopache will market, advertise, and track results of the program.

### **CFL Lighting Program - Giveaway**

**Residential/Non-Residential:** This program will be new to Navopache with the approval of its 2016- 2017 EE Plan. The purpose of this program is to promote the installation of high-efficiency Compact Fluorescent Light bulbs (CFLs) in homes within the Navopache service territory. The program will include the distribution of multipack CFL lamps to Navopache members at the Navopache Annual Meeting.

This program will be managed, marketed and advertised by Navopache. In an effort to lower light bulb costs and increase the cost to benefit ratio, Navopache plans to pool its purchases with other utilities, when possible.

Navopache will market, advertise, and track results of the program.

### **Residential Energy Audit Program**

**Residential:** This program will be new to Navopache with the approval of its 2016- 2017 EE Plan. This program provides on-site residential home energy audits for members. The purpose of this program is to provide specific information relating to a member's energy usage to enable the member to make educated decisions relating to how he/she can conserve energy.

An energy auditor will go to the member's home and, at a minimum:

- Conduct an analysis of the home's thermal envelope
- Survey the electric appliances
- Review the living habits of all occupants
- Provide appropriate recommendations based on the results of the audit
- Distribute several pieces of energy efficiency-related materials for the customer to review

This program will be marketed and advertised by Navopache, with audits conducted by a third party implementation contractor. Should the interest in this program grow to levels sufficient to justify additional Navopache employees, the program will come in house.

### **Refrigerator/Freezer Recycling Program**

**Residential/Non-Residential:** This program will remove energy-inefficient old refrigerators and freezers from members' 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 Navopache, 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 contractor. Navopache will also provide a rebate to its customers per unit recycled to incentivize participation in the program.

**Northern Arizona Council of Governments (NACOG) Weatherization Program**

**Low-Income:** This program will be new to Navopache with the approval of its 2016- 2017 EE Plan. The purpose of this program is to assist low-moderate income families within the Navopache service territory through the NACOG Weatherization program. The Navopache contribution level will be \$2,000 per Navopache service territory household.

The NACOG weatherization services are designed to provide cost effective, energy savings solutions designed to reduce utility bills and carbon footprint. This is a free service that is qualified based on household gross annual income with a downloadable application on NACOG's website.

**INCOME GUIDELINES**

Single person household	\$23,340.00
Two person household	\$31,460.00
Three person household	\$39,580.00
Four person household	\$47,700.00
Five person household	\$55,820.00
Six person household	\$63,940.00
Seven person household	\$72,060.00
Eight person household	\$80,180.00
Nine person household	\$88,300.00
Ten person household	\$96,420.00

NACOG weatherization staff performs a comprehensive energy audit to determine cost effectiveness based on the guidelines outlined by the Department of Energy. Improvements may include...

- HVAC repair or replacement if applicable
- Water heater repair or replacement if applicable
- Refrigerator repair or replacement if applicable
- Insulate or increase insulation of attic and/or floor if applicable

- Repair of forced air duct systems if applicable
- Repair or replacement of gas range if applicable
- Repair or replacement of evaporative cooler if applicable
- Repair of broken glass if applicable
- Air sealing including weather-stripping and caulking if applicable
- Manufacture and installation of interior storm windows if applicable
- Minor roof patching if applicable
- Manufacture and installation of shade screening at lower elevations if applicable

Navopache will perform marketing and advertising of the program. Reporting and tracking of energy savings is provided by NACOG and the Department of Energy through the Arizona Energy Office.

#### **Commercial Retro-Fit Rebate Program**

**Non-Residential:** The purpose of this program is to assist businesses within Navopache's service territory with replacement of less efficient lighting with Environmental Protection Agency / Department of Energy (DOE) Energy Star approved lighting. The program will provide a \$0.09 rebate per saved Watt, made payable to member.

Eligibility will be determined by the contractor provided list that includes lighting watts and total lighting load of existing fixtures and of new lighting fixtures.

Navopache will market, advertise, and track results of the program.

#### **DEMAND SIDE MANAGEMENT (DSM) PROGRAMS**

##### **Off-Peak ETS Heater Program**

**Residential/Non-Residential:** This program will be new to Navopache with the approval of its 2016- 2017 EE Plan. The program encourages members to replace air to air heat pumps or baseboard heaters with ETS heaters through an incentive of \$25 per kW at time of investment. This purpose of this program is to allow Navopache members to purchase their electric heat during Navopache's established off-peak hours in turn reducing Navopache's demand charge.

##### **Off-Peak Water Heater Timer Program**

**Residential/Non-Residential:** This program will be new to Navopache with the approval of its 2016- 2017 EE Plan. The program encourages members who participate in Navopache's time of use tariff to install a water heater timer. Members who elect to participate in the program will

receive an incentive of \$50, as a credit applied to their next electric bill, upon presentment of an original receipt of purchase. This is a cost control means to help reduce water heater load on Navopache's system during peak hours and help to control our members' monthly electric bill.

Navopache will market, advertise, and track results of the program.

## Program Administration/Management

### 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:

- Follow-up surveys with customers regarding any changes that may/may not have been made to energy usage using information provided by Navopache
- Review of analysis provided by third party implementation contractors providing assistance with management of EE and DSM Programs

### REPORTING AND PLAN DEVELOPMENT

On or before June 1 of each odd year, Navopache 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, Navopache will file the required reports pursuant to R14-2-2409.

### ADVERTISING AND PROMOTION

The advertising for Navopache's 2016-2017 EE Plan includes a variety of mediums, including, but not limited to: bill inserts and ads/stories in monthly newsletters; counter cards and posters; paid ads in local newspapers; paid ads on rural radio stations; participation at local events, such as cooperative annual meetings and county fairs; and an EE/DSM program promotional link on the Navopache website.

## Exhibits

EXHIBIT 1 - 2009-2013 AMERICAN COMMUNITY SURVEY 5-YEAR ESTIMATES  
 PUBLISHED BY THE U.S. CENSUS BUREAU'S AMERICAN COMMUNITY SURVEY  
 (ACS)

**INCOME AND BENEFITS (IN 2013 INFLATION-ADJUSTED DOLLARS)**

	Median household income (dollars)	Mean household income (dollars)	Median family income (dollars)	Mean family income (dollars)
Arizona	49,774	66,971	58,897	76,682
<b>Apache County, Arizona</b>	<b>31,476</b>	<b>41,303</b>	<b>37,095</b>	<b>47,433</b>
Cochise County, Arizona	45,755	59,695	55,120	67,932
Coconino County, Arizona	49,555	65,130	59,308	76,491
Gila County, Arizona	39,954	49,941	48,958	57,806
Graham County, Arizona	44,943	54,155	50,583	60,022
Greenlee County, Arizona	47,992	53,415	48,074	55,883
La Paz County, Arizona	35,776	44,728	42,729	53,040
Maricopa County, Arizona	53,596	72,691	63,910	83,160
Mohave County, Arizona	39,200	50,929	47,136	58,795
<b>Navajo County, Arizona</b>	<b>36,927</b>	<b>49,240</b>	<b>43,516</b>	<b>55,082</b>
Pima County, Arizona	45,841	62,852	57,757	74,537
Pinal County, Arizona	50,027	60,265	55,282	66,298
Santa Cruz County, Arizona	37,745	52,793	41,774	56,421
Yavapai County, Arizona	42,987	57,111	53,015	67,035
Yuma County, Arizona	41,595	53,339	44,302	56,737

	With Food Stamp/SNAP benefits in the past 12 months	With Supplemental Security Income	Mean Supplemental Security Income (dollars)
Arizona	13.2%	3.9%	2.6%
<b>Apache County, Arizona</b>	<b>26.0%</b>	<b>15.1%</b>	<b>9.1%</b>
Cochise County, Arizona	15.7%	4.9%	2.7%
Coconino County, Arizona	13.1%	4.5%	2.3%
Gila County, Arizona	16.4%	6.4%	2.4%
Graham County, Arizona	24.0%	5.5%	2.7%
Greenlee County, Arizona	10.8%	5.4%	3.2%
La Paz County, Arizona	15.6%	5.7%	2.0%
Maricopa County, Arizona	11.7%	3.2%	2.3%
Mohave County, Arizona	16.4%	5.3%	2.9%
<b>Navajo County, Arizona</b>	<b>25.7%</b>	<b>9.4%</b>	<b>4.9%</b>
Pima County, Arizona	14.3%	4.6%	3.2%
Pinal County, Arizona	12.4%	4.1%	2.7%
Santa Cruz County, Arizona	22.3%	4.1%	3.6%
Yavapai County, Arizona	12.8%	4.5%	2.0%
Yuma County, Arizona	19.7%	3.9%	1.7%

### EMPLOYMENT STATUS

	Employed	Unemployed
Arizona	54.0%	6.3%
<b>Apache County, Arizona</b>	<b>35.3%</b>	<b>9.2%</b>
Cochise County, Arizona	44.3%	4.6%
Coconino County, Arizona	60.0%	5.9%
Gila County, Arizona	42.4%	5.9%
Graham County, Arizona	43.7%	6.6%
Greenlee County, Arizona	50.4%	6.7%
La Paz County, Arizona	38.5%	4.7%
Maricopa County, Arizona	58.0%	6.1%
Mohave County, Arizona	41.0%	6.9%
<b>Navajo County, Arizona</b>	<b>40.7%</b>	<b>9.8%</b>
Pima County, Arizona	52.5%	6.4%
Pinal County, Arizona	45.8%	6.3%
Santa Cruz County, Arizona	50.1%	7.5%
Yavapai County, Arizona	46.6%	5.6%
Yuma County, Arizona	45.7%	7.2%

### PERCENTAGE OF FAMILIES AND PEOPLE WHOSE INCOME IN THE PAST 12 MONTHS IS BELOW THE POVERTY LEVEL

	All Families	Married couple families	Families with female householder, no husband present
Arizona	13.0%	7.4%	31.0%
<b>Apache County, Arizona</b>	<b>29.2%</b>	<b>20.3%</b>	<b>39.3%</b>
Cochise County, Arizona	12.5%	8.4%	27.3%
Coconino County, Arizona	15.5%	9.3%	33.5%
Gila County, Arizona	13.4%	8.4%	30.4%
Graham County, Arizona	16.8%	11.2%	38.8%
Greenlee County, Arizona	12.2%	9.8%	15.9%
La Paz County, Arizona	13.8%	7.6%	35.5%
Maricopa County, Arizona	12.2%	7.0%	29.1%
Mohave County, Arizona	13.1%	8.3%	33.7%
<b>Navajo County, Arizona</b>	<b>24.7%</b>	<b>14.3%</b>	<b>47.5%</b>
Pima County, Arizona	13.3%	7.0%	32.7%
Pinal County, Arizona	10.9%	6.1%	30.9%
Santa Cruz County, Arizona	21.3%	14.9%	42.3%
Yavapai County, Arizona	10.8%	7.0%	26.3%
Yuma County, Arizona	16.7%	10.1%	39.7%

EXHIBIT 2 – 2016-2017 EE PLAN PROJECTED KWH SAVINGS

**NAVOPACHE ELECTRIC COOPERATIVE**  
*PROJECTED SAVINGS for 2016 through 2017 EE Plan*

	<u>2016</u>	<u>2017</u>
Projected kWh Sales	386,793,837	383,308,460
Savings Achieved	-	-
<b>Projected Sales less Savings</b>	<b>386,793,837</b>	<b>383,308,460</b>
<b><u>Required Savings from Prior Year Sales</u></b>		
Required Savings	12.00%	14.50%
Cooperative Discount	75.00%	75.00%
Required Cooperative Savings %	9.000%	10.875%
<b>Required Cooperative Savings kWh</b>	<b>35,047,594</b>	<b>42,063,830</b>
<b><u>Accumulated Program Savings</u></b>		
Existing Programs	569,272	536,146
New Programs	1,570,880	1,569,320
<b>Total Savings</b>	<b>2,140,152</b>	<b>2,105,467</b>
Savings %	0.550%	0.544%
<b>Difference</b>	<b>32,907,442</b>	<b>39,958,363</b>

EXHIBIT 3 - EE ESTIMATED OPERATING COSTS/BUDGET

NAVOPACHE ELECTRIC COOPERATIVE

2016 through 2017 EE Budget

<u>Program</u>	<u>2016</u>	<u>2017</u>
CFL Lighting Program - Member Discount	\$29,260.47	\$29,255.77
CFL Lighting Program - Giveaway	\$2,101.15	\$2,101.15
Commercial Retro-Fit Rebate	\$2,121.26	\$2,121.26
Residential Refrigerator/Freezer Recycling	\$13,188.64	\$13,183.39
Residential Energy Audit	\$16,747.48	\$16,740.81
NACOG Weatherization	\$34,500.00	\$35,190.00
Off-Peak ETS Heater	\$10,935.41	\$10,309.11
Off-Peak Water Heater Timer	\$15,132.91	\$14,506.61
<b>EE Portfolio Budget</b>	<b>\$123,987.32</b>	<b>\$123,408.11</b>
<b>Accumulative EE Portfolio Budget</b>	<b>\$123,987.32</b>	<b>\$247,395.42</b>

EXHIBIT 4 - NAVOPACHE ESTIMATED DSM FACTOR IMPACT TO MEMBER

NAVOPACHE ELECTRIC COOPERATIVE

ESTIMATED DSM FACTOR

	<u>2016</u>	<u>2017</u>
kWh Sales	386,793,837	383,308,460
NEC Program Cost	\$ 123,987.32	\$ 123,408.11
<b>Factor</b>	<b>\$ 0.00032</b>	<b>\$ 0.00032</b>
Current PBC	0.00032	0.00032
<b>Difference</b>	<b>\$ -</b>	<b>\$ -</b>

EXHIBIT 5 - NAVOPACHE ELECTRIC COOPERATIVE 2016-2017 EE PLAN  
BENEFIT/COST ANALYSIS

EXHIBIT 1 NAVOPACHE ELECTRIC COOPERATIVE 2016 - 2017 EE PLAN BENEFIT/COST ANALYSIS								
Assumptions								
Projected 2016 Electricity Sales - kWh		403,919,018						
Projected 2017 Electricity Sales - kWh		399,810,748						
	Total Program Budget 2016	Total Program Budget 2017	Estimated Participation 2016	Baseline kWh	Annual kWh Savings 2016	Societal Benefits	Societal Costs	Societal Test
<b>New EE/DSM Programs</b>	\$ 63,419	\$ 63,402	6,623		1,668,080	\$ 373,571	\$ 98,840	3.78
CFL Lighting Program - Member Discount	\$ 29,260	\$ 29,256	6,221		1,281,825	284,114	58,607	4.85
CFL Lighting Program - Giveaway	\$ 2,101	\$ 2,101	201		41,416	9,181	2,040	4.50
Commercial Retro-Fit Rebate	\$ 2,121	\$ 2,121	37		93,574	17,285	2,059	8.39
Residential Refrigerator/Freezer Recycling	\$ 13,189	\$ 13,183	91		110,315	37,792	12,905	2.95
Residential Energy Audit	\$ 16,747	\$ 16,741	73		39,493	25,200	23,329	1.08
NACOG Weatherization	\$ 34,500	\$ 35,190	15		97,200	33,184	33,495	0.99
Off-Peak Water Heater Timer	\$ 10,935	\$ 10,309	38		4,257	409,218	5,976	68.48
<b>Existing EE/DSM Programs</b>	\$ 15,133	\$ 14,507	111		569,272	566,016	81,396	6.95
Off-Peak ETS Heater	\$ 15,133	\$ 14,507	111		569,272	566,016	81,396	6.95
<b>Research and Development</b>								
<b>Total Operating Cost</b>	\$ 78,552	\$ 77,909	6,734	403,919,018	2,237,352			
<b>Estimated Environmental Impact</b>	<b>2016</b>	<b>2017</b>						
CO2	4,125,677	12,221,669						
SO2	7,652	22,667						
Nox	11,634	34,465						
<b>Total</b>	<b>4,144,963</b>	<b>12,278,800</b>						

## Appendices

## APPENDIX 1 – DEMAND SIDE MANAGEMENT ADDER

Navopache Electric Cooperative proposes the following apply to all of its Standard Offer Tariffs:

### Demand Side Management Program (DSMP) Adder

Navopache shall add to its bill a demand side management program adder per kWh to help offset the costs associated with Navopache programs designed to promote load management and approved by Staff of the Arizona Corporation Commission. The amount of the adder shall be recomputed annually based upon reports submitted to the Commission by Navopache.

Amount: \$0.00032/kWh