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SOUTHWEST GAS CORPORATION



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AZ CORP COMMISSION
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May 10, 2016

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

Re: Docket No. G-01551A-15-0168

Southwest Gas Corporation (Southwest Gas) respectfully submits this Supplement to Application and accompanying Supplement to the Year Five EE & RET Plan. The Plan Supplement is provided in lieu of the Company's Program Year Six EE & RET Plan filing due June 1, 2016.

If you have any questions, please do not hesitate to contact me at 602-395-4058.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'Matthew D. Derr'.

Matthew D. Derr
Regulatory Manager/Arizona

Cc: Tom Broderick, ACC
Terri Ford, ACC
Barbara Keene, ACC
Julie McNeely-Kirwan, ACC

Arizona Corporation Commission
DOCKETED

MAY 10 2016

DOCKETED BY A rectangular stamp with the text 'DOCKETED BY' followed by a handwritten signature in black ink.

1 **BEFORE THE ARIZONA CORPORATION COMMISSION**

2 **COMMISSIONERS**

3 DOUG LITTLE – Chairman
4 BOB STUMP
5 BOB BURNS
6 TOM FORESE
7 ANDY TOBIN

8 In the Matter of the Application of Southwest
9 Gas Corporation for Approval of an Energy
10 Efficiency and Renewable Energy Resource
11 Technology Portfolio Implementation Plan.

Docket No.: G-01551A-15-0168

12 **SUPPLEMENT TO APPLICATION**

13 **Background**

14 1. On May 28, 2015, Southwest Gas Corporation (“Southwest Gas” or “Company”)
15 submitted its Application (“Application”) to the Arizona Corporation Commission
16 (“Commission”) requesting approval of its Arizona Energy Efficiency (“EE”) and Renewable
17 Energy Resource Technology (“RET”) Portfolio Implementation Plan for Program Year Five
18 (“Year Five EE & RET Plan”). As detailed in the Application and Year Five EE & RET Plan
19 currently pending before the Commission, the Company seeks authority to: (1) continue its
20 existing EE & RET programs with several modifications; (2) re-introduce its Commercial
21 Rebates program with a selection of commercial measures found to be cost-effective by the
22 Commission’s Utilities Division Staff (“Staff”); and (3) transition to a calendar year EE & RET
23 program cycle beginning with Program Year Six. The Company’s Application additionally
24 requests, if and to the extent required, a waiver and modification of the Gas Utility Energy
25 Efficiency Standards (“Standards”) to implement an abbreviated Program Year Five to
26 accommodate the transition to a calendar year program cycle.

27 2. After discussions with Staff and in order to promote efficiencies and program continuity,
28 Southwest Gas submits this Supplement to Application and accompanying Supplement to the

1 Year Five EE & RET Plan, which is attached hereto as Exhibit A ("Plan Supplement"). The
2 Plan Supplement is provided in lieu of the Company's Program Year Six EE & RET Plan filing
3 due June 1, 2016.

4 **Years Five and Six EE & RET Plan**

5 3. As more fully described in the Plan Supplement, the Company proposes: (1) to add two
6 new programs to the Year Five EE & RET Plan: the *Smarter Greener Better* ("SGB")
7 Residential Rebates program; and the SGB Schools program (pilot), which are detailed in the
8 Plan Supplement; (2) to implement the Year Five EE & RET Plan, as augmented by the Plan
9 Supplement, including all existing and proposed programs and measures thereunder, for
10 Program Year Five and continuing through Program Year Six, ending December 31, 2017; (3)
11 a combined budget for Program Years Five and Six of \$5,495,000, inclusive of all existing and
12 proposed programs proposed in the Year Five EE & RET Plan and the Plan Supplement
13 ("Years Five and Six EE & RET Plan"). As described in the initially-filed Year Five EE & RET
14 Plan, Southwest Gas requests authority to make adjustments between program budgets, as
15 necessary, to maximize program participation and energy savings to customers.

16 4. Under the Years Five and Six EE & RET Plan, Southwest Gas requests approval of
17 eight programs designed to achieve approximately 3,720,396 therms or therm equivalents in
18 annual energy savings in Program Year Five and Program Year Six, exceeding the sixth year
19 goal of achieving 3.60% energy savings, with a minimum of 75% attributable to energy
20 efficiency programs.

21 5. In developing the Company's Years Five and Six EE & RET Plan, Southwest Gas
22 evaluated various EE & RET programs offered by other utilities, along with its existing portfolio
23 of energy efficiency programs. Southwest Gas submits that the proposed budget affords the
24 Company a level of funding adequate to sustain the programs and allow it to achieve the goals
25 set forth in the Standards.

26 6. Southwest Gas' Years Five and Six EE & RET Plan is designed to provide benefits to
27 all classes of customers in the Company's Arizona rate jurisdiction that participate in the
28 Company's DSM rate adjuster. The Years Five and Six EE & RET Plan is comprised of

1 programs that afford Southwest Gas' customers, including its low-income customers, cost-
2 effective opportunities and resources, education, and training tools, all of which are designed
3 to promote energy efficiency and conservation, and will result in lower energy bills for
4 customers. The Company seeks to implement the Years Five and Six EE & RET Plan within
5 60 days of approval by the Commission.

6 7. The Company's Years Five and Six EE & RET Plan also provides sufficient information
7 to estimate the total cost and cost per therm reduction of each program and its respective
8 measures. Each of the proposed programs is cost-effective, as the incremental benefits
9 exceed the incremental costs to society.

10 8. Southwest Gas submits that the Years Five and Six EE & RET Plan is consistent with
11 the Standards.

12 9. The Company further contemplates filing on or before June 1, 2017 a new two-year
13 implementation plan for Program Year Seven (calendar year 2018) and Program Year Eight
14 (calendar year 2019).

15 **Conclusion**

16 10. Based upon the foregoing, Southwest Gas respectfully requests that the Commission
17 approve the Company's proposed Years Five and Six EE & RET Plan, as well as any other
18 relief the Commission deems just and reasonable.

19 Respectfully submitted this 10th day of May 2016.

20 SOUTHWEST GAS CORPORATION

21 

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EXHIBIT A



SOUTHWEST GAS CORPORATION

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

***Supplemental Filing for
Program Years 5 & 6***

May 2016

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

OVERVIEW

On May 28, 2015, Southwest Gas Corporation (Southwest Gas or Company) filed an application (Application) with the Arizona Corporation Commission (Commission) in Docket No. G-01551A-15-0168 requesting approval of its Energy Efficiency and Renewable Energy Resource Technology portfolio (EE & RET Plan) for the fifth implementation plan year (PY5 EE & RET Plan). The PY5 EE & RET Plan, consisting of six programs, is currently pending before the Commission.

In this Supplement to the PY5 EE & RET Plan (Plan Supplement), Southwest Gas proposes that two additional programs: *Smarter Greener Better*[®] (SGB) Residential Rebates Program; and SGB Schools Program, be approved for implementation for PY5 along with the six programs detailed in the Company's PY5 EE & RET Plan. The Company additionally proposes that the PY5 EE & RET Plan, as augmented by this Plan Supplement (PY5 and PY6 EE & RET Plan), shall constitute the Company's EE & RET Plan for the sixth implementation plan year (PY6), which is defined as January 1, 2017 through December 31, 2017.

Southwest Gas seeks authority to implement the eight programs for both PY5 and PY6, effective upon the Commission's order and continuing through December 31, 2017. If approved, the suite of eight EE & RET programs will allow Southwest Gas to offer market based programs that are responsive to customer needs and designed to promote energy efficiency and conservation.

Residential Energy Management Programs

1. SGB Residential Rebates
2. SGB Homes

Non-Residential Energy Management Programs

3. SGB Commercial Rebates
4. SGB Custom Commercial Rebates
5. SGB Combined Heat and Power (CHP) Rebates
6. SGB Schools (Pilot)

Low Income Program

7. SGB Low Income Energy Conservation (LIEC)

Renewable Energy Resource Technology Program

8. SGB Solar Thermal Rebates

If the PY5 and PY6 EE & RET Plan is approved by the Commission for implementation through December 31, 2017 as proposed, the Company will file its next EE & RET application as soon as practicable, but no later than June 1, 2017, for a two-year program cycle effective from January 1, 2018 through December 31, 2019.

In its 2017 application, Southwest Gas will include additional societal water and electric savings benefits in the cost-effectiveness analyses. However, to facilitate the review of this Plan Supplement, Southwest Gas has utilized the same cost-effectiveness model inputs used in the originally filed PY5 EE & RET Plan, with the exception of the site-source multiplier, which has been removed from the cost-effectiveness model and replaced with an electric line loss factor.

Updated tables showing annual and lifetime therm savings, societal benefits and savings, societal costs, societal net benefits, and cost-effectiveness ratios for all PY5 and PY6 EE & RET Plan programs, and the Company's proposed budget of \$5,495,000 for the PY5 and PY6 plan period (June 1, 2016 through December 31, 2017) are provided below in Table 1 and Table 2, respectively. In addition, Tables 3 and 4, below, show updated Gas Utility Energy Efficiency Standards goals and savings for program years 1 through 6. Detailed descriptions of the SGB Residential Rebates Program and SGB Schools Program are provided on pages 8-14, below.

Table 1 – PY5 & PY6: EE & RET Plan Annual and Lifetime Therm Savings; Societal Benefits and Savings; Societal Costs; Societal Net Benefits; and Cost-Effectiveness Ratios

Program	Annual Therm Savings¹	Lifetime Therm Savings¹	Societal Benefits and Savings²	Societal Costs	Societal Net Benefits²	Cost-Effectiveness Ratio
Residential						
SGB Residential	52,152	1,061,947	\$903,371	\$504,633	\$398,738	1.79
SGB Homes	610,666	18,319,978	\$21,338,904	\$7,089,922	\$14,248,981	3.01
Total Residential	662,818	19,381,925	\$22,242,275	\$7,594,555	\$14,647,720	2.93
Non-Residential						
SGB Commercial Rebates	210,037	3,363,782	\$3,038,621	\$661,519	\$2,377,103	4.59
SGB Custom Business Rebates	2,278,708	16,047,310	\$10,944,800	\$483,449	\$10,461,352	22.64
SGB CHP	473,314	9,466,275	\$9,589,072	\$919,300	\$8,669,771	10.43
SGB Schools ³	N/A	N/A	N/A	N/A	N/A	N/A
Total Non-Residential	2,962,059	28,877,367	\$23,572,493	\$2,064,268	\$21,508,226	11.42
Low Income						
SGB LIEC: Weatherization ⁴	75,477	1,698,232	\$1,868,797	\$629,190	\$1,239,606	2.97
SGB LIEC: Bill Assistance ³	N/A	N/A	N/A	N/A	N/A	N/A
Total Low Income	75,477	1,698,232	\$1,868,797	\$629,190	\$1,239,606	2.97
Total Energy Efficiency	3,700,354	49,957,524	\$47,683,565	\$10,288,013	\$37,395,552	4.63
Renewable Energy Resource Technology						
SGB Solar Thermal Rebates	20,042	400,840	\$385,917	\$1,495,726	(\$1,109,810)	N/A ⁵
Total EE & RET Plan	3,720,396	50,358,364	\$48,069,482	\$11,783,739	\$36,285,742	4.08

¹ These values represent a combination of therms and therm equivalents from electric savings.

² Societal benefits are reflective of reduced natural gas and electricity tied to the cost-effective measure, and do not include all societal benefits such as water savings, energy savings associated with water treatment and pumping, and carbon savings.

³ There are no therm savings attributable to the SGB Schools Program and SGB LIEC: Bill Assistance Program.

⁴ The Annual and Lifetime Therm Savings; Lifetime Societal Benefits, Costs and Net Benefits; and Cost-Effectiveness 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.

⁵ Pursuant to the Gas Utility Energy Efficiency Standards, cost-effectiveness is not required for RET programs.

Table 2 – PY5 & PY6: EE & RET Plan Budget

Program	Rebates	Administration	Outreach	Delivery	MV&E	Program Total Cost
Residential						
SGB Residential	\$235,750	\$5,650	\$16,800	\$35,600	\$1,200	\$295,000
SGB Homes	\$2,615,000	\$28,000	\$12,000	\$46,000	\$4,000	\$2,705,000
<i>Total Residential</i>	<i>\$2,850,750</i>	<i>\$33,650</i>	<i>\$28,800</i>	<i>\$81,600</i>	<i>\$5,200</i>	<i>\$3,000,000</i>
Non-Residential						
SGB Commercial Rebates	\$301,675	\$7,000	\$19,325	\$67,000	\$5,000	\$400,000
SGB Custom Business Rebates	\$219,500	\$6,000	\$13,500	\$85,000	\$6,000	\$330,000
SGB CHP	\$215,000	\$12,000	\$15,000	\$52,000	\$6,000	\$300,000
SGB Schools	\$480,000	\$5,000	\$5,000	\$5,000	\$5,000	\$500,000
<i>Total Non-Residential</i>	<i>\$1,216,175</i>	<i>\$30,000</i>	<i>\$52,825</i>	<i>\$209,000</i>	<i>\$22,000</i>	<i>\$1,530,000</i>
Low Income						
SGB LIEC: Weatherization ¹	\$0	\$0	\$0	\$0	\$0	\$450,000
SGB LIEC: Bill Assistance ²	\$0	\$0	\$0	\$0	\$0	\$200,000
<i>Total Low Income</i>	<i>\$0</i>	<i>\$0</i>	<i>\$0</i>	<i>\$0</i>	<i>\$0</i>	<i>\$650,000</i>
Total Energy Efficiency	\$4,066,925	\$63,650	\$81,625	\$290,600	\$27,200	\$5,180,000
Renewable Energy Resource Technology						
SGB Solar Thermal Rebates	\$220,000	\$2,000	\$11,000	\$79,000	\$3,000	\$315,000
Total EE & RET Plan	\$4,286,925	\$65,650	\$92,625	\$369,600	\$30,200	\$5,495,000

¹ SGB LIEC: Weatherization does not adhere to the above budget categories since it is not a rebate program. Per Decision No. 72723, Southwest Gas has augmented the \$450,000 budget shown above with an additional \$200,000 funded by shareholders. The \$200,000 shareholder funds were added during PY1 through PY4 and the remaining \$200,000 will be added during the PY5 and PY6 program cycle bringing the total shareholder contribution to \$1,000,000.

² SGB LIEC: Bill Assistance Program does not adhere to the above budget categories since it is not a rebate program.

As described in the initially filed PY5 EE & RET Plan, Southwest Gas continues to request flexibility to make adjustments between program budgets, as necessary, to maximize program participation and energy savings to customers.

The EE & RET Plan for PY5 and PY6 is targeted to result in a total annual energy savings of 3,720,396 therms (including therm equivalents). The total PY5 and PY6 annual energy savings attributed to EE programs consists of 3,700,354 therms, and the remaining 20,042 therms are attributable to the Company's RET program. These savings exceed the sixth-year goal of achieving 3.6 percent energy savings, with a minimum of 75 percent attributable to energy efficiency programs. Tables 3 and 4 below provide the Gas Utility Energy Efficiency Standards goals and savings for program years 1 through 6.

Table 3 – Gas Utility Energy Efficiency Standards – Total Goal and Savings

Program Year	Prior Year Sales (Therms)	Total Goal (%)	Total Goal (Therms)	Total Annual Savings (Therms)	Cumulative Savings (Therms)
PY1 ¹	617,174,760	0.500%	3,085,874	3,146,127	3,146,127
PY2 ¹	634,605,252	1.200%	7,615,263	5,230,962	8,377,089
PY3 ¹	603,223,751	1.800%	10,858,028	4,036,023	12,413,112
PY4 ²	643,952,120	2.400%	15,454,851	6,452,905	18,866,017
PY5 ²	595,037,248	3.000%	17,851,117	3,720,396	22,586,413
PY6 ²	621,916,496	3.600%	22,388,994		

¹ Actual annual savings (Actual)

² Estimated annual savings (Plan)

Table 4 – Gas Utility Energy Efficiency Standards – DSM Energy Efficiency Goal and Savings

Program Year	Prior Year Sales (Therms)	DSM EE Goal (%) ³	DSM EE Goal (Therms)	DSM EE Annual Savings (Therms)	DSM EE Cumulative Savings (Therms)
PY1 ¹	617,174,760	0.375%	2,314,405	3,099,590	3,099,590
PY2 ¹	634,605,252	0.900%	5,711,447	5,208,528	8,308,118
PY3 ¹	603,223,751	1.350%	8,143,521	4,029,871	12,337,989
PY4 ²	643,952,120	1.800%	11,591,138	6,420,573	18,758,562
PY5 ²	595,037,248	2.250%	13,388,338	3,700,354	22,458,916
PY6 ²	621,916,496	2.700%	16,791,745		

¹ Actual annual savings (Actual)

² Estimated annual savings (Plan)

³ A minimum of 75 percent of the Gas Utility Energy Efficiency Standard must come from DSM EE programs.

RESIDENTIAL ENERGY MANAGEMENT PROGRAMS: SGB RESIDENTIAL REBATES PROGRAM

Program Description

Southwest Gas proposes to re-introduce the market based SGB Residential Rebates Program with a selection of cost-effective measures for residential customers. Rebates will be offered to participating customers on qualified, energy efficient program measures upon proof-of-purchase and installation. These measures include: low-flow showerheads; ENERGY STAR® qualified tankless water heaters; ENERGY STAR qualified clothes washers and natural gas clothes dryers; and ENERGY STAR qualified windows.

Program Objective

The overall objective of this energy efficiency program is to provide cost-effective savings on customer natural gas usage by offering rebates to qualifying Southwest Gas residential customers and to help customers improve the comfort, energy efficiency, safety, and durability of their homes, while helping to preserve the environment.

Qualifying Customers

All residential customers located in the Company's Arizona service territory with an active Southwest Gas account are eligible to participate in the program.

In addition, new homebuilders constructing single and individually metered multifamily homes and individually metered multifamily retrofit projects in Southwest Gas' Arizona service territory are eligible to participate in the SGB Residential Rebates Program. Homebuilders who qualify for a rebate under the SGB Homes Program are not eligible for rebates under the SGB Residential Rebates Program.

Qualifying Measures

Qualifying measure specifications will be reviewed annually and adjusted, as necessary, to reflect changing national efficiency standards. All qualifying measures must be natural gas equipment, or be supplied by a natural gas water or space heating unit.

Water heating is the third-largest home-energy cost, after space heating and cooling, and typically accounts for 14 to 20 percent of a residential customer's energy bill. Upgrading to high-efficient water heating and water saving measures creates the potential for significant energy savings. Rebates provided as part of the SGB Residential Rebates Program will help offset the incremental costs

incurred by upgrading to energy efficient measures. Qualifying measures and specifications are shown in Table 5 below.

Table 5 – Qualifying Measure Specifications

Measure	Specification
Low-flow Showerhead ¹	WaterSense® qualified and gallons per minute (GPM) ≤ 1.5
Natural Gas Tankless Water Heater	ENERGY STAR qualified and Energy Factor (EF) ≥ 0.82
Natural Gas Clothes Dryer	ENERGY STAR qualified
Clothes Washer ¹	ENERGY STAR qualified (front-loading only)
Windows ²	ENERGY STAR qualified for appropriate climate zone

¹ Requires natural gas water heating

² Requires natural gas space heating

Rebate Amounts, Incremental Costs and Annual Savings

Southwest Gas determined the rebate amounts, incremental costs, and annual therm savings by reviewing the best available information on incremental cost and energy savings for each measure. Rebate amounts were maintained at the minimum rebate levels needed to communicate an effective marketing message to positively affect customer behavior and overall program cost-effectiveness. Rebate amounts, incremental costs, annual savings, estimated participation, and cost-effectiveness ratios are provided in Tables 6 and 7, below.

Table 6 – Rebate Amounts, Incremental Customer Costs, and Annual Savings

Measure	Rebate	Incremental Cost	Unit Gross Annual Savings	
			therms	kWh
Low-flow Showerhead	\$5	\$9	14.00	N/A
Natural Gas Tankless Water Heater	\$350	\$720	55.00	N/A
Natural Gas Clothes Dryer	\$30	\$50	5.27	N/A
Clothes Washer	\$50	\$78	9.20	51.06
Windows	\$1.00 / SqFt	\$1.30 / SqFt	0.24 / SqFt	1.31 / SqFt

Table 7 – Estimated Participation and Cost-Effectiveness Ratios

Measure	Estimated Participation	Cost-Effectiveness Ratio
Low-flow Showerhead	250	3.58
Natural Gas Tankless Water Heater	500	1.27
Natural Gas Clothes Dryer	300	1.01
Clothes Washer	200	3.01
Windows	225	4.61
Total Program	1,475	1.79

Program Limitations

The following requirement applies for all measures:

- Measures must be purchased new, and may not be used.
- Builders participating in the SGB Homes Program are not eligible for the measures offered under the SGB Residential Rebates Program.

Target Audiences

Southwest Gas' primary target audience is residential customers of single family homes and new homebuilders constructing single and individually metered multifamily homes, and individually metered multifamily retrofit projects.

Budget

Southwest Gas proposes a total annual estimated budget for this program of \$295,000. Table 8 below provides the budget details by category.

Table 8 – Total Estimated Budget

Description	Budget
Rebates	\$235,750
Administration	\$5,650
Outreach	\$16,800
Delivery	\$35,600
MV&E	\$1,200
Total	\$295,000

Cost-Effectiveness Test Results

The cost-effectiveness test ratio for the SGB Residential Rebates Program, along with the cost-benefit overview and projected lifetime savings, is shown below in Tables 9 and 10.

Table 9 – Cost-Benefit Overview

Cost-Benefit Overview: Lifetime Savings	
Present Value of Savings	\$903,371
Present Value of Costs	\$504,633
Net Societal Benefit	\$398,738
Cost-Effectiveness Ratio	1.79

Table 10 – Projected Lifetime Savings

Energy and Environmental Benefit Overview: Lifetime Savings	
Natural Gas (therms)	875,894
Electricity (MWh)	5,453
CO ₂ (tons)	6,212

The cost-effectiveness calculations were prepared utilizing the same model inputs used by Southwest Gas in the originally filed PY5 EE & RET Plan. However, after discussions with the Commission's Utilities Division Staff (Staff), Southwest Gas modified the total resource cost (TRC) model to replace the site source multiplier with an electric line loss factor of ten percent to calculate the value of kWh savings.

NON-RESIDENTIAL ENERGY MANAGEMENT PROGRAMS: SGB SCHOOLS PROGRAM (PILOT)

Program Description

Southwest Gas proposes the SGB Schools Program as a pilot program to assist schools that have been unable to participate in energy efficiency programs due to funding constraints. The SGB Schools Program will assist qualifying schools in implementing cost effective energy efficiency measures. Using the Company's proposed SGB Commercial Rebates Program, SGB Custom Commercial Program and SGB CHP Rebate Program, schools may apply for rebates on the purchase and installation of qualifying energy-saving equipment for up to 50% of the incremental cost. This pilot program is a funding mechanism to cover all or a portion of the remaining cost to the school for the qualifying energy-saving equipment, which may eliminate or significantly reduce the out-of-pocket costs for schools. This pilot program offers low cost, energy saving upgrades to K-12 public and charter schools. With potentially up to 100 percent of project costs covered, eligible schools will save money on utility bills and increase the comfort of their students and staff while minimizing out-of-pocket costs.

Program Objective

The overall objective of this program is to assist eligible schools that have been unable to participate in cost-effective energy efficiency programs due to funding constraints to effectively manage their energy costs, increase the comfort of their students and staff, and ultimately keep money in the classroom.

Qualifying Customers

This program will be available to participants in the Arizona Public Service (APS) and Tucson Electric Power (TEP) Schools Pilot Programs, who have already completed an energy audit under the respective APS or TEP programs. Eligible schools must have an active Southwest Gas commercial account within the Company's Arizona service territory.

Qualified Measures

Southwest Gas will work with APS and TEP using the completed energy audit results to identify the most energy efficient natural gas upgrades. Projects will be prioritized based on the highest potential for savings.

The identified measures will be rated based on therm savings per dollar spent to implement the energy efficiency measure and prioritized based on simple payback of the energy efficiency measure.

Examples of energy efficient measures include, but are not limited to, the following:

- All prescriptive rebates in the SGB Commercial Rebates Program
 - Boiler Retrofits
 - New Boilers
 - Storage Water Heating
 - Steam Trap Surveys and Replacements
 - Commercial Food Service Equipment and Ventilation Systems
 - Air Curtains
- Any cost-effective system improvement under the SGB Custom Commercial Rebates Program
 - Energy management systems
 - Programmable/Smart Thermostats
 - Pipe Wrap
 - Aerators
- Combined Heat and Power

Rebate Amounts, Incremental Costs and Annual Savings

To receive an incentive, schools must have completed an ASHRAE Level II energy audit under the APS or TEP Schools Pilot Programs and must submit an application for rebate payment after purchasing and installing a qualifying program measure. Applications will be available online at the Southwest Gas website (www.swgas.com), as well as through the Southwest Gas Energy Services customer hotline (1-800-654-2765). Applications may be requested by phone or e-mail.

Incentives will be capped at \$50,000 per school and will be applied to the most energy efficient natural gas upgrades identified in the energy audits.

Funding provided under the Schools Program itself will not be subject to the cost-effectiveness test. However, annual energy savings and cost-effectiveness results for each project will be reported under the SGB Commercial Rebates Program and SGB Custom Commercial and SGB CHP Rebate Programs as applicable.

Program Limitations

The following requirements apply:

- Measures must be installed in a school with an active Southwest Gas account within the Company's Arizona service territory.
- Schools must have completed an ASHRAE Level II energy audit under the APS or TEP Schools Pilot Programs.
- Incentives are capped at \$50,000 per school.

Target Audiences

Southwest Gas' primary target audience is schools that have completed an ASHRAE Level II energy audit under the APS and TEP Schools Pilot Programs.

Budget

Southwest Gas proposes a total annual budget for this program of \$500,000. Table 11 below provides the budget details by category.

Table 11 – Total Budget

Description	Budget
Rebates	\$480,000
Administration	\$5,000
Outreach	\$5,000
Delivery	\$5,000
MV&E	\$5,000
Total	\$500,000