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ARKANSAS PUBLIC SERVICE COMMISSION

FILED

IN THE MATTER OF THE APPLICATION)
 OF ENTERGY ARKANSAS, INC. FOR)
 APPROVAL OF ENERGY EFFICIENCY)
 PROGRAMS AND ENERGY EFFICIENCY)
 COST RATE RIDER)

DOCKET NO. 07-085-TF
 ORDER NO. 84 # 412

IN THE MATTER OF THE CONTINUATION,)
 EXPANSION, AND ENHANCEMENT OF)
 PUBLIC UTILITY ENERGY EFFICIENCY)
 PROGRAMS IN ARKANSAS)

DOCKET NO. 13-002-U ✓
 ORDER NO. 5 # 266

IN THE MATTER OF THE REQUEST FOR)
 APPROVAL OF ITS QUICK START ENERGY)
 EFFICIENCY PROGRAMS AND THE TARIFF)
 RELATED TO THE PROGRAM BY)
 OKLAHOMA GAS AND ELECTRIC COMPANY)

DOCKET NO. 07-075-TF
 ORDER NO. 47 # 206

IN THE MATTER OF THE REQUEST FOR)
 APPROVAL OF ITS QUICK START ENERGY)
 EFFICIENCY PROGRAMS AND THE TARIFF)
 RELATED TO THE PROGRAM BY THE)
 EMPIRE DISTRICT ELECTRIC COMPANY)

DOCKET NO. 07-076-TF
 ORDER NO. 48 # 193

IN THE MATTER OF THE APPLICATION)
 OF ARKANSAS OKLAHOMA GAS)
 CORPORATION FOR APPROVAL OF QUICK)
 START ENERGY EFFICIENCY PROGRAMS)

DOCKET NO. 07-077-TF
 ORDER NO. 55 # 263

FOR APPROVAL OF ARKANSAS WESTERN)
 GAS COMPANY'S INITIAL ENERGY)
 EFFICIENCY PROGRAM PLAN)

DOCKET NO. 07-078-TF
 ORDER NO. 46 # 176

IN THE MATTER OF THE APPLICATION OF)
 CENTERPOINT ENERGY ARKANSAS GAS)
 FOR APPROVAL OF ITS "QUICK START")
 ENERGY EFFICIENCY PROGRAM,)
 PORTFOLIO AND PLAN INCLUDING ITS)
 COST RECOVERY RIDER)

DOCKET NO. 07-081-TF
 ORDER NO. 61 # 320

FOR APPROVAL OF SOUTHWESTERN)
 ELECTRIC POWER COMPANY'S INITIAL)
 ENERGY EFFICIENCY PROGRAM PLAN)

DOCKET NO. 07-082-TF
 ORDER NO. 62 # 301

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ORDER

On May 29, 2013, the Arkansas Public Service Commission ("Commission") conducted in Docket No. 07-085-TF a public hearing on the rates included in Entergy Arkansas, Inc.'s ("EAI's") 2013 update to Rate Schedule No. 40, Energy Efficiency Cost Rate Rider ("Rider EECR"), including EAI's 2013 Attachments A, B, and C in support of its annual redetermination of the EECR Rider filed on April 8, 2013. Among the issues considered during the hearing was EAI's request to remove \$109,000 from the Energy Star New Homes Program and use \$77,000 of those funds to increase the program for the Multifamily Direct Install Program, with the remaining \$32,000 being used to increase the budget of other existing programs.

As testified to by EAI witness Jeremy Champlin in Direct Testimony filed on April 8, 2013, the Energy Star New Homes Program is the only EE program for which EAI requests approval to transfer in excess of 10 percent of the original approved budget for that program to another program. Champlin Direct at 6-8 and Table 1. Mr. Champlin explained that EAI's final budget adjustments are within the budget variance directives in Order No. 39 of Docket No. 07-085-TF, with the exception of the Energy Star New Homes Program. He noted that the proposed adjustment would remove 17 percent of the original approved budget from that program and increase the Multi-family Home Program by 22 percent, thus necessitating an EAI request under Order No. 39 for Commission approval to remove more than 10 percent of the budget from one program to another.

In Direct Testimony filed on May 10, 2013, Commission General Staff ("Staff") witness Robert Swaim confirmed EAI's budget variances and recommended approval of EAI's request for approval of the transfer of funds from one program to another under Order No. 39.

At the conclusion of the public hearing, counsel for EAI requested that the Commission rule expeditiously on the requested budget adjustment owing to pending contracts with implementation providers that are premised on a June 1 implementation date for the EE programs, including the Multi-family Home Program.

Discussion and Ruling

In Order No. 39, issued on June 30, 2011, discussing EAI's request for budget flexibility in Program Year 2012, the Commission stated:

Staff recommends that the Commission should grant program administrators

the ability to shift dollars among the various programs within the energy efficiency plans as needed to meet changing conditions and the ability to adjust its overall program portfolio budget up to 10% provided its portfolio remains cost effective and meets the Commission's list of factors to gauge the comprehensiveness of the utilities' energy efficiency plans.

Staff Initial, Tr. at 325. EAI supports this recommendation. EAI Reply, Tr. 114. No other party opposes the recommendation.

Experience has shown that program implementation often occurs at different rates for different programs, and that these implementation rates can vary significantly from predictions in program applications that formed the basis for program approval. Utilities may reasonably expect continued variation from initial plans during a period of significant program expansion, requiring contractor and partner recruitment and

program design development and modification. Also, all parties and the Commission have spent several years developing and refining requirements and expectations to guide program implementation: EAI must now be given flexibility to deliver on the goals established, while the Commission retains adequate oversight. However, until further experience has been gained, the Commission is hesitant at this time to grant the extensive budget flexibility recommended by the Staff. The Commission finds that a more moderate approach to budget flexibility is more appropriate and in the public interest.

Accordingly, on an interim basis through Program Year 2012, the Commission will grant the Utilities the unilateral ability to shift up to 10% from any given program to another without notice. For any proposed shift of budgeted funds from one program to another greater than 10%, the Utility first must file in its EE TF Docket a "Notice of Intent to Shift EE Program Funds Greater Than Ten Percent." Objections by any party to such Notice shall be filed within ten (10) days of the Notice filing date. If no objections are filed the Utility may implement the proposed shift of funds on the twentieth (20th) day after the Notice filing date. If objections are filed by any party, the Commission will issue its ruling on the proposed shift of program funds within twenty (20) days of the Notice filing date. Also, on an interim basis through Program Year 2012, the Commission will authorize the Utilities to increase their overall EE portfolio budget by up to 10% without formal notice.

For Program Year 2013, the Utilities may request an extension of or modification of the budget flexibility granted by this Order by filing an appropriate petition in their respective EE TF Dockets no later than January 31, 2013.

Finally, the exercise of the budget flexibility authorized by this Order shall be subject to the conditions recommended by Staff that EE program portfolios remain cost effective and meet the Commission's list of factors to gauge the comprehensiveness of the utilities' energy efficiency plans. Budget flexibility is further conditioned on reporting within the Annual Report detailing the performance results related to such budget changes, and on an annual, explicit, continued approval within EECR tariff proceedings of the budget flexibility approved herein.

Order No. 39 in Docket No. 07-085-TF at 8-10 (emphasis added).

The Commission notes that Order No. 39, with regard to budget flexibility, addressed the applicable procedures for Program Year 2012 on an "interim" basis, and

with regard to Program Year 2013, required a January 31, 2013 deadline for requesting such flexibility. Because EAI requested budget flexibility for Program Year 2013 contemporaneously with the filing of its 2012 Annual Report on April 8, 2013, the Commission will need to provide further direction regarding how such variances will be handled for Program Years 2013 and 2014, as well as the next three-year program cycle (2015-2017). For now, the Commission will continue for Program Year 2013 the budget variance policy that was adopted by Order No. 39 in Docket No. 07-085-TF (but allowing variance requests to be filed at any time during the cycle) and will apply the same policy in the other EE TF dockets should any of the other Utilities seek approval of budget variances during the current program year.¹ To provide notice to the other Utilities of the continuation of the 2012 policy during Program Year 2013, the Commission directs that this order be filed in each of the Utilities' EE TF dockets.

The Commission finds that the topic of program and portfolio budget flexibility should be included as one of the issues for discussion and recommendations by the parties to the collaboration in Docket No. 13-002-U. Accordingly, the Commission also directs the Secretary of the Commission to file this Order in Docket No. 13-002-U.

Having considered the testimony of Mr. Champlin and Mr. Swaim and EAI's request for an expedited decision on this proposed budget variance, the Commission notes that no party has objected at the hearing to the request since it was filed on April

¹ The Commission notes that EAI requested approval of the budget variance on April 8, 2013, several months after the January 31, 2013 date specified by Order No. 39. Although no explanation for the filing date was provided, the Commission believes that EAI has demonstrated just cause for its request for budget flexibility and sees no reason to deny the request solely on the basis of the filing date. Thus, other utilities that may seek similar budget variances during Program Year 2013 will not be precluded from filing requests after the deadline originally established by Order No. 39 or equivalent language in the EE Plan approval orders issued in June 2011 in the EE TF dockets.

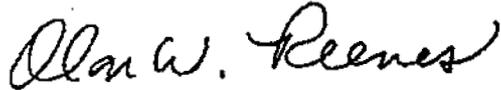
8, 2013, nor did any party object to Mr. Swaim's recommendation of approval. Accordingly, the Commission finds that EAI has shown good cause for the requested budget flexibility and approves this request as being in the public interest, but reserves a decision on the remaining EECR issues for a final order on the tariff filing in EAI's EE TF docket.

BY ORDER OF THE COMMISSION,

This 24th day of June, 2013.



Colette D. Honorable, Chairman



Olan W. Reeves, Commissioner



Elana C. Wills, Commissioner



Kristi Rhude, Secretary of the Commission

I hereby certify that this order, issued by the Arkansas Public Service Commission, has been served on all parties of record on this date by the following method:

U.S. mail with postage prepaid using the mailing address of each party as indicated in the official docket file, or
 Electronic mail using the email address of each party as indicated in the official docket file.