



BALCH & BINGHAM LLP

Alabama • Georgia • Mississippi • Washington, DC

Ben H. Stone
(228) 214-0402

Attorneys and Counselors
1310 Twenty Fifth Avenue
P.O. Box 130 (39502)
Gulfport, Mississippi 39501
(228) 864-9900
(228) 864-8221 Fax
www.balch.com

(888) 201-0157 (direct fax)
bstone@balch.com

March 22, 2010

Mr. Brian U. Ray
Executive Secretary
Mississippi Public Service Commission
501 North West Street, Suite 201A
Jackson, MS 39201

Re: **Order Establishing Docket to Investigate the Development and Implementation of Energy Efficiency Programs and Standards Docket No. 2010-AD-2**

Dear Brian:

On behalf of Mississippi Power Company I have enclosed the original and twelve (12) copies of the Company's Comments in the above-referenced matter. I have also included a copy of the first page of the filing, which I appreciate you file-stamping and returning to me in the enclosed, self-addressed, stamped envelope.

Thank you for your assistance in this matter.

Very truly yours,



Ben H. Stone

BHS:hr
Attachment

cc: All Parties of Record
Robert G. Waites, Esq.
Katherine Collier, Esq.
George Fleming, Esq.
Brian Useforge

BEFORE THE MISSISSIPPI PUBLIC SERVICE COMMISSION

MISSISSIPPI PUBLIC SERVICE COMMISSION

DOCKET NO. 2010-AD-2

**IN RE: ORDER ESTABLISHING DOCKET TO INVESTIGATE THE
DEVELOPMENT AND IMPLEMENTATION OF ENERGY
EFFICIENCY PROGRAMS AND STANDARDS**

MISSISSIPPI POWER COMPANY'S NOTICE OF COMMENTS

COMES NOW Mississippi Power Company ("MPC" or "the Company") and, pursuant to the Mississippi Public Service Commission's ("Commission") Order Establishing Docket filed on January 15, 2010 in the above styled and numbered docket, files this its Notice of Comments and would show unto this Commission the following:

1. The Company is a public utility as defined in Section 77-3-3(d)(i) of the *Mississippi Code of 1972, as amended*, and is engaged in the business of providing electric service to and for the public for compensation in twenty-three (23) counties of southeastern Mississippi, having its principal place of business at Gulfport, Mississippi. The Company's mailing address is Post Office Box 4079, Gulfport, Mississippi, 39502.

2. The Company holds a Certificate of Public Convenience and Necessity issued in Docket U-99, as supplemented, authorizing its operations in a specified area of the twenty-three (23) counties of southeastern Mississippi and is rendering services in accordance with its service rules and regulations and in accordance with a schedule of rates and charges, all of which are a part of its tariff that has been previously approved by the Commission.

3. The Company is a Mississippi corporation. A copy of its corporate charter, articles of incorporation, the names and addresses of its board of directors and officers, and the name of all

persons owning fifteen percent (15%) or more of its stock are on file with the Commission and are hereby incorporated by reference.

4. On January 15, 2010, the Commission established the above referenced docket to investigate and consider energy efficiency programs for use in the state of Mississippi. In the same Order, the Commission required the filing of Comments with sixty (60) days of publication of the Order Establishing Docket.

5. Attached as Exhibit "A" are the comments of Mississippi Power Company regarding the development of meaningful energy efficiency standards.

RESPECTFULLY SUBMITTED, this the 22nd day of March, 2010.

MISSISSIPPI POWER COMPANY

BY: BALCH AND BINGHAM LLP

BY:



BEN H. STONE

Ben H. Stone
Mississippi Bar No. 7934
Tim A. Ford
Mississippi Bar No. 5415
Ricky J. Cox
Mississippi Bar No. 9606
Leo E. Manuel
Mississippi Bar No. 101985
BALCH AND BINGHAM LLP
1310 25th Avenue
Post Office Box 130
Gulfport, Mississippi 39502-0130
Telephone: (228) 864-9900
Facsimile: (228) 864-8221

CERTIFICATE OF SERVICE

I, Ben H. Stone, counsel for Mississippi Power Company, hereby certify that I have this date filed with the Mississippi Public Service Commission filed the original of Mississippi Power Company's Notice of Comments and that in compliance with RP 6 of the Mississippi Public Service Commission's Public Utility Rules of Practice and Procedure (the "Rules"):

(1) An original and twelve (12) copies of the Notice with any testimony and exhibits attached thereto have been filed with the Commission by U.S. Mail to:

Mr. Brian U. Ray
Executive Secretary
Mississippi Public Service Commission
501 North West Street, Suite 201A
Jackson, MS 39201

(2) A copy of the Notice with any testimony and exhibits attached thereto has been filed with the Commission electronically to:

efile.psc@psc.state.ms.us

(3) A copy of the Motion was served by hand delivery or United States Mail, first class postage prepaid, to:

Robert G. Waites, Esq.
Executive Director
Mississippi Public Utilities Staff
502 North West Street, Suite 301B
Jackson, Mississippi 39201

George M. Fleming
General Counsel
Mississippi Public Utilities Staff
502 North West Street, Suite 301B
Jackson, Mississippi 39201

Paul Richard Lambert, Esq.
119 Hardy Street
Hattiesburg, MS 39401

Katherine Collier, Esq.
Attorney for the Commission
Mississippi Public Service Commission
502 North West Street, Suite 201A
Jackson, Mississippi 39201

Henderson S. Hall, Jr., Esq.
Rachel H. Mitchell, Esq.
Wise Carter Child & Caraway
Professional Association
P. O. Box 651
Jackson, MS 39205

Robert C. Grenfell
Vice President Regulatory Affairs
Entergy Mississippi, Inc.
P. O. Box 1640
Jackson, MS 39215-1640

Jeremy C. Vanderloo, Esq.
Attorney for Entergy Services, Inc.
P. O. Box 1640
Jackson, MS 39215

J. Kevin Watson, Esq.
C. Stephen Stack, Jr., Esq.
Watson & Jones, P.A.
P. O. Box 23546
Jackson, MS 39225

Roland Woodard
Ergon, Inc.
Manager-Energy Supply
P. O. Box 1639
Jackson, MS 39215

Larry D. Moffett, Esq.
Daniel Coker Horton & Bell, P.A.
Oxford Square North
265 North Lamar Blvd., Suite R
P. O. Box 1396
Oxford, MS 38655-1396

Brent Bailey
107 Cedar Ridge Drive
Canton, MS 39046

James L. Halford, Esq.
Brunini Grantham Grower & Hewes
The Pinnacle Building, Suite 100
190 East Capitol Street
Jackson, MS 39201

Robert B. Wiygul, Esq.
Waltzer & Associates
1011 Iberville Drive
Ocean Springs, MS 39564

Will Hegman
Mississippi Solar, LLC
Neshoba Business Enterprise Center
1016 Saxon-Airport Road, Suite 118
Philadelphia, MS 39350

Hayes Dent
Hayes Dent Public Strategies
210 E. Capitol Street, Suite 1900
Jackson, MS 39201

R. Wilson Montjoy, II, Esq.
Charles L. McBride, Jr., Esq.
Katie L. Wallace, Esq.
Brunini, Grantham, Grower & Hewes
P. O. Drawer 119
Jackson, MS 39205

Rebecca Turner
Entegra Power Group, LLC
100 S. Ashley Drive, Suite 1400
Tampa, FL 33602

Katherine Barlow
Deputy Director of Government Affairs
Mississippi Manufacturers Assn.
P. O. Box 22607
Jackson, MS 39225-2607

Sondra McLemore, Esq.
Office of the Attorney General
P. O. Box 22947
Jackson, MS 39225-2947

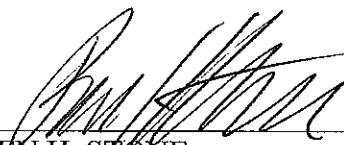
Christa Rouse Bishop, Esq.
Nathan Brown, Chief Operating Officer
SMEPA
P. O. Box 15849
Hattiesburg, MS 39404-5849

Henry Sanford
Sanford Associates, LLC
P. O. Box 13296
Jackson, MS 39236-3296

(3) MPC has complied with or requested a waiver of all other requirements of this

Commission's Rules.

This the 22nd day of March, 2010.



BEN H. STONE

**COMMENTS OF MISSISSIPPI POWER COMPANY
REGARDING THE INVESTIGATION OF DEVELOPING ENERGY
EFFICIENCY PROGRAMS AND STANDARDS**

**MISSISSIPPI PUBLIC SERVICE COMMISSION
DOCKET NO. 2010-AD-2**

Executive Summary

Mississippi Power Company (MPC) continuously considers energy efficiency and Demand Side Management (DSM) programs and works to implement programs that are cost effective and provide benefits to our customers without harming those that do not wish to or cannot participate in a particular program. As listed in the attached response, MPC currently has multiple options for our customers including two programs, Direct Load Control and Critical Peak Pricing, filed with the Mississippi Public Service Commission (Commission) and awaiting approval. None of these programs includes substantial rebates that put upward pressure on rates for our customers. Also, the programs are being utilized in such a manner that they minimize overlap with state and federally funded programs available to our customers. Our response also describes another fourteen programs that are currently being studied to determine if they have potential cost-effective energy efficiency for our customers.

Any policies related to energy efficiency and DSM programs in the State of Mississippi should encourage energy and demand reductions only when cost effective and with special regard to non-participants such as low-income customers who cannot afford or may not be eligible to participate in such programs. In his assurance letter to Secretary Chu dated March 23, 2009, regarding American Recovery and Reinvestment Act (ARRA) funding for the State Energy Program, Governor Barbour notes that he is requesting that the Commission consider appropriate steps to “*promote energy efficiency, consistent with the federal statutory language contained in H.R. 1 (ARRA 2009), while keeping their obligations to maintain just and reasonable rates and to protect the public.*” In accordance with that charge, MPC has and will continue to offer energy efficiency programs for the Commission’s approval that do not harm non-participants,

Exhibit “A”

Each year, the State of Mississippi receives federal funds for energy programs that are administered by state agencies. The Mississippi Department of Human Services (DHS) has received an average of \$1.7 million per year for the Mississippi weatherization program over the past five years. In 2009, the weatherization program was also awarded an additional \$49.4 million in ARRA funding. The state also received another \$40 million in Low-Income Home Energy Assistance Programs (LIHEAP) funds for low-income energy assistance for 2009. All totaled, federal ARRA dollars announced for Mississippi related to energy efficiency totaled over \$100 million since 2009. As reflected in the attached response, MPC has worked diligently to partner with state agencies such as DHS and the Mississippi Development Authority (MDA) to ensure that our programs do not overlap in such a manner that creates redundant use of funds. From a cost-effectiveness perspective, this is an item that needs to be monitored as future programs are implemented.

Any policy decisions relating to energy efficiency and DSM programs in Mississippi should be scrutinized based on the consequences relating to cost effectiveness and fairness to all ratepayers. MPC supports an approach that takes into account the high percentage of low-income customers in our service area and the impact of increased rate pressure on those particular customers. If the primary goal of energy efficiency initiatives is to lower customers' total energy costs, adding programs that negatively impact rates is not the answer.

TYPES OF ENERGY EFFICIENCY PROGRAMS THAT PRODUCE THE “QUICKEST AND MOST COST-EFFECTIVE RESULTS”.

MPC continually assesses and considers DSM and energy efficiency programs for implementation with the objective of promoting the most cost-effective programs. Our philosophy is that helping customers use electricity wisely is in the best interest of our customers and MPC and enhances customer satisfaction. Following are descriptions of the Company's current programs which we feel in total provide the quickest and most cost-effective results for all of MPC customers not just the participants:

Interruptible Contracts – Since 1992

Through interruptible contracts approved by the Commission, MPC can call upon customers to interrupt a portion of their load during times of heavy demand on the Company's electrical system. This is typically accomplished through a phone call, and requires prompt response. These arrangements provide MPC with a method to quickly reduce demand on its system when needed. MPC provides a billing credit to participating customers to compensate for the load reduction provided and assesses penalties for non-compliance. Participants include industrial customers with major processes – typically in excess of 1,000 kW – that can be shut down for extended periods of time. MPC currently has 98 MW of interruptible contract capacity with 14 customers at a cost of \$1,957,520 for 2009.

Standby Generation Contracts – Since 1992

Through standby generation contracts approved by the Commission, MPC can call upon customer-owned emergency generation to operate during times of heavy demand on the Company's electrical system. The majority of these customer-owned generators allow MPC to remotely dispatch the generators by electronic communication. Starting such generation to cover the customers' load provides MPC with an emergency capacity resource for quickly reducing the demand on its system when needed. MPC provides a billing credit to participating customers to compensate for the capacity provided and assesses penalties for non-compliance. Participants are primarily large commercial and industrial customers who have installed equipment which allows their generation to be synchronized with MPC's grid and dispatched remotely. Typical installations range from 1,000 to 5,000 kW per customer. MPC currently has 21 MW of stand-by generation contract capacity with six customers at a cost of \$381,003 for 2009.

Business & Industry Services – Since 1993

MPC's strategy for working with these customers has been to provide superior service and tailored energy solutions that enhance our customer's productivity. In order to accomplish this most effectively, MPC assigns an account representative to certain specific customer segments. The following customer segments have an assigned account

representative who understands the business and energy needs of each customer: Federal/Military, Pipelines/Oil, Chemicals, Wood Products, Food/Poultry, Education, Health Care, and Governmental. All of MPC's top industrial customers, in terms of kWh sales, fall into one of these segments. Energy efficiency is not a separate activity, but is integrated in the day-to-day customer service responsibilities of MPC's industrial account representatives. Some of the efficiency measures promoted through Business and Industry Services include building envelope studies, compressed air studies, motor alignment, interior lighting assessments and retrofits, capacitor bank installations, chiller/boiler upgrades and assessments, general HVAC solutions, insulation recommendations, dehumidification solutions, water heating solutions, process heating options and water conservation.

Time-of-Use (TOU) Rate – Since 1995

Time of Use rate offerings are time-differentiated such that customers are assessed higher prices for operating during peak hours and lower prices for off-peak operation. These rates provide price signals to the customer to reduce demand during MPC's peak load hours. MPC's time-of-use rates currently include the Large General Service Time-of-Use Rate Schedule (LGS-TOU), the Large Power Option Time-of-Use Rate Schedule (LPO-TOU), and several customized TOU contracts approved by the Commission. MPC currently has 15 customers on TOU rates for a total 14.5 MW.

EnergyDirect – Since 2001

EnergyDirect supplies accurate information about energy usage directly to the commercial and industrial customer's computer. It features powerful tools to analyze the effect of operating decisions on energy consumption and costs. Basic information and graphs for energy use are free to qualifying. MPC has four additional packages that offer more analysis tools and hourly load data.

MPC currently has 16,000 accounts on the basic, free package and 32 accounts on a premium package.

Rebate Program – Since 2008

This program encourages the installation of energy efficient equipment through customer incentives and rebates. Incentives are available for heat pumps with a Seasonal Energy Efficiency Ratio (SEER) of 15 or greater, ductless heating and cooling systems, geothermal heat pumps and efficient water heating. MPC offers the following rebates to residential customers:

- Heat pump conversions, ≥ 15 SEER - \$200
- Ductless heating and cooling systems (whole house) - \$250
- Geothermal heat pump - \$500
- Water heater conversions with energy factor $> .90$ - \$150
- Heat pump water heater - \$150

EarthCents[®] New Home Program – Since 2008 (GoodCents[®] - Since 1983)

This program provides incentives to homebuilders and/or homeowners for energy-efficient construction in the new home market. It is the updated version of our GoodCents Home program which began in 1983. EarthCents builders receive \$150 in co-op advertising credits for each new EarthCents home built. Builders can also receive a credit of \$500 to their advertising fund for an all-electric subdivision that has at least 6 lots. MPC is also conducting a pilot which includes incentives as follows: Bronze (Certificate) – Silver (\$500) – Gold (\$1000). The Bronze level home calls for efficient construction such as a minimum 13 SEER heat pump, compact fluorescent light (CFL) bulbs in 20% of fixtures, ridge and soffit vents, high insulation values, etc. Other options based on a point system will allow a participant to move into the Silver and Gold levels.

Since 2008, 583 EarthCents homes have been reported. A total of 17,544 homes have been reported since the inception of GoodCents in 1983. In 2009, MPC awarded \$36,500 to builders in co op advertising for the promotion of the EarthCents Home Program.

Energy Efficiency Information and Education – Since the early 1980's

For years, as a service to customers, MPC has used many and various channels to educate customers about energy efficiency including advertising, energy efficiency tips included in bill inserts, energy efficiency packets mailed to customers who inquire through the Call Center, efficiency information on the MPC website--features interactive

house showing appliance usage information, online energy check up, in-home energy audits, ENERGY STAR[®] appliance information on the website and through brochures, efficiency tips promoted at trade shows & community meetings, efficiency brochures at bill payment offices, energy usage and efficiency information during weatherization and through daily interaction with customers. MPC spent \$2.2 million in 2009 for energy efficiency information and education, including the associated labor. These service programs include:

- **Residential & Commercial Energy Audits – Since 2008** – This is a service in which marketing representatives provide in-home or in-facility energy audits. Energy-efficient recommendations are made to customers based on the current conditions of their home or facility. MPC has recently begun capturing the number of audits conducted and is beginning the process of following up after the audit to verify which measures were implemented. MPC completed 401 in-home audits and 33 in-facility audits in 2009. In addition to costs included above, \$13,531 was spent in 2009 on energy efficiency kits.
- **Efficiency in a Box School Program – Since 2009** - The objective of this service program is to educate 5th or 6th grade students, their parents and teachers on home energy efficiency. Each student receives a workbook and a weatherization kit including one 14-watt CFL bulb, two 18-watt CFL bulbs, filter alarm, digital water temperature thermometer, and a natural resource fact chart. Over 1,300 students, as well as their parents and teachers, have gained more knowledge about energy efficiency via this program. EnergyWise, the program partner, conducted a survey of measures implemented by the families and found that, on the average, an annual savings of 831 kWh per home was obtained.
- **Online Checkup** – This is an online service provided to MPC residential customers which allows them to evaluate the current efficiency of their home’s windows, doors and insulation, as well as equipment, such as HVAC and water heaters. The online checkup tool will take the inputs made by the customer and make recommendations that will improve the energy efficiency of their home. Currently 2,305 MPC customers have visited MPC’s website to complete an online checkup and receive energy efficiency recommendations specific to their home.

- **Change-A-Light Program – Since 2007** - This service initiative encourages the replacement of incandescent light bulbs with CFL bulbs. It is estimated that CFLs use 75% less energy than a standard incandescent bulb. MPC collects pledges to change out incandescent bulbs to CFLs through a variety of events including trade/consumer shows, community events and employee education. MPC has given away 14,405 bulbs and has obtained pledges for 94,114 bulb replacements. MPC spent \$3,994, in addition to the Energy Efficiency Information and Education expenses, for the purchase of CFL bulbs in 2009. MPC was recently recognized by ENERGY STAR for reaching a goal which will reduce greenhouse gas emissions by 7,124,870 pounds, save 4,044,353 kWh of energy and \$ 569,457 in energy costs.
- **Low-income Weatherization Program – Since 2008** – This is a service for low-income customers which provides energy efficiency and conservation enhancements such as weather stripping, window caulking, CFL bulbs, water heater blankets, filter alarms and low flow shower heads. The weatherization process also involves educating the customer on key energy savings ideas. The initial audits and weatherization measures are handled by MPC employees as part of their job responsibilities. In order to enhance the benefits to low-income customers, MPC is working closely with local agencies, such as Pearl River Valley Opportunity and Multi-County Community Service Agency. These agencies, through federal funding and state administered programs, are able to follow MPC with additional weatherization measures, such as the replacement of windows and doors, and the addition of insulation. Currently over 200 low-income customers have been served. We have targeted an additional 200 homes for 2010. In addition to expenses included above, MPC spent \$10,689 for the purchase of weatherization kits and blankets in 2009.

Pending Demand Side Management Programs

Residential Direct Load Control Program

MPC conducted a residential Direct Load Control Pilot in 2008. Results and customer responses were positive. Under the program, a switch would be installed on participating customers' central air conditioners, allowing MPC to cycle the units during

high peak hours and, therefore, reducing the overall load on the system. A Notice of Intent to establish a Direct Load Control Program was filed with the Commission on August 28, 2009, and is currently pending Staff and Commission review.

Residential Critical Peak Pricing Pilot Program

MPC filed a Notice of Intent on August 29, 2009 with the Commission to conduct a pilot Critical Peak Pricing program for residential customers. The program would provide participating customers a programmable thermostat and they would be served under a time-differentiated rate.

Energy Efficiency Programs under Evaluation

MPC is currently assessing the following programs:

Solar Water Heating – field demonstration

Heat Pump Water Heating – field demonstration sponsored by EPRI

LED Street and Area Lighting – field demonstration sponsored by EPRI

Ductless Heating and Cooling Systems – field demonstration sponsored by EPRI

Commercial Cooling – evaluating technology

Residential Desiccant Dehumidification – field demonstration

Industrial Desiccant Dehumidification – field demonstration

Online Energy Usage Tools through mississippipower.com – evaluating costs and benefits

Online Bill Analysis Tools through mississippipower.com – evaluating costs and benefits

Air Filter Replacement Program – evaluating costs and benefits

Energy Information Systems – evaluating technology

Energy Management Systems – evaluating technology

New Financing Opportunities – evaluating new offerings

Infrared Space and In-wall Heaters – evaluating technology

MPC will continue to gather the data and information necessary to fully evaluate each program, including pilot programs where necessary. As these evaluations are

completed, MPC will continue to implement and request approval of those programs that are cost effective and beneficial for all customers.

Federally Funded Programs

In addition to the programs that MPC administers, MPC is partnering with the MDA and with local agencies funded by DHS to promote stimulus fund programs and tax credits through our marketing representatives, educational materials and promotional collateral.

Mississippi Department of Human Services

Low-Income Weatherization Assistance Program (WAP)

Home weatherization is the nation's largest residential energy efficiency program. Home Weatherization reduces energy costs for low-income citizens by improving the efficiency of their homes.

The ARRA allocated \$49,421,193 to the Division of Community Services (DCS), a division of DHS, to expand the number of Mississippi homes to be weatherized. It is expected that with this additional funding, approximately 5,400 families in Mississippi will have their homes weatherized. Weatherization coordinators from community action agencies conduct energy audits on single-family and mobile homes. MPC has been able to assist with this phase of the weatherization process by conducting the initial audit, implementing some measures, educating customers on energy efficiency and then forwarding audit results to the local agencies in our service territory, which include Pearl River Valley Opportunity and Multi-County CSA.

Local contractors are hired by the local agencies to form weatherization crews to identify air infiltration, pressure imbalances and areas of heat or air loss. Coordinators also evaluate related health and safety conditions, such as carbon monoxide hazards, gas leaks or moisture problems. The paid weatherization crews install the most cost-effective energy efficiency measures, based on the results of the energy audit.

Throughout the process weatherization coordinators keep homeowners informed about improvements being made, future maintenance and ways to further reduce energy usage. Services might include, but are not limited to, air sealing cleaning, testing, repairs

or replacement of heating and/or cooling units and space heaters, dense pack wall insulation, attic insulation and minor repairs, as needed, to ensure maximum efficiency from the weatherization services performed.

Low-Income Home Energy Assistance Program

LIHEAP is DCS's most well-known and highly utilized program. LIHEAP provides financial assistance to eligible households to help pay the cost of home-energy bills and other energy related services including energy efficiency improvements. MPC partners with local agencies to assist low-income customers throughout MPC's service territory with LIHEAP benefits. Benefits vary depending on the intensity level and are based on a rating tool. Households may qualify for regular LIHEAP assistance and/or the Energy Crisis (emergency) Intervention Program (ECIP) for natural gas, wood, electricity, liquid petroleum propane/butane gas, and other energy related services. The allocation of funds to sub-grantees is based on the percentage of poor households in each county compared with the state's poverty level according to the current census data.

Mississippi Development Authority

Mississippi Development Authority's State Energy Plan (SEP)

Mississippi was allocated \$40,418,000 in SEP funds through the ARRA. The Energy Division of MDA will be primarily responsible for administering the SEP funds through four broad categories. MPC assisted seven industrial customers with SEP funding for major energy efficiency projects.

- **Masonite** - \$400,000 to replace existing wood waste boilers with higher efficiency technology. Before being contacted by MPC, Masonite was not aware of the opportunity to secure stimulus funding for this project that is being driven mostly by environmental requirements.
- **Laurel Machine & Foundry** - \$500,000 for the replacement of existing furnaces at the foundry. MPC assisted with the application filing.
- **Pioneer Aerospace** - \$110,000 to be used for humidity control and lighting conversions. MPC assisted in a detailed audit by Mississippi State University's

Industrial Assessment Center which was then accepted as a Level II audit. MPC also assisted with the completion of the final application.

- **Peavey Electronics** – \$425,000 to replace the roof, upgrade HVAC units, correct a negative air balance problem in the plant and upgrade internal lighting with energy-efficient fixtures and lamps. MPC has assisted in educating the decision makers on the new technologies and provided testing.
- **Cooper Power** – \$130,000 to replace their existing indoor lighting system. MPC provided the lighting proposal used to obtain the grant.
- **Zeon** - \$205,000 to install high efficiency HVAC systems in their office area. MPC was involved in the early process of the application.
- **Resinall** - \$200,000 to implement energy efficiency projects. MPC was instrumental in assisting Resinall with the acquisition of this grant by providing the engineering services necessary to complete the required American Society of Heating, Refrigeration and Air Condition Engineers (ASHRAE) Level II Energy Surveys associated with each of these projects.

MPC is now working with additional customers to apply for the second phase of the MDA SEP funding program. Customers included are Sara Lee, Mississippi Tank, Hattiesburg Paper, Channel Chemical and Triton Systems.

State Energy Efficient Appliance Rebate Program

ARRA allocated \$2.8 million to Mississippi to develop and administer a residential rebate program for the purchase of ENERGY STAR-rated appliances. This rebate program will save energy and stimulate the economy by encouraging consumers to replace old appliances with new ENERGY STAR qualified models. This program is tentatively scheduled to begin in April 2010.

MPC plans to promote this program through our marketing representatives and other channels such as mississippipower.com. With our EarthCents Home Program and our equipment rebate programs in place, the infrastructure already exists to communicate the benefits of ENERGY STAR appliances and the rebates that will soon be offered.

Home Star (Cash for Caulkers)

Although this energy audit/energy efficiency improvement program is only a proposal at this time, MPC is already making contacts and learning how this future program can be incorporated into MPC's marketing plans.

Federal Tax Credits for Consumer Energy Efficiency

As part of ARRA, consumers can receive tax credits, up to \$1,500 for energy efficiency home improvements. Energy-efficient HVAC equipment, windows and roofing are examples of efforts that fall within this program. This federally funded program has been widely promoted by ENERGY STAR.

In 2009 when the qualifying period for tax credits was extended, MPC created promotional material this program. The promotional material has been circulated to customers in our area through our marketing network, during sales calls, energy audits, weatherization visits and home shows.

Evaluation of U.S. Energy Efficiency Programs

MPC continually reviews programs that are being offered by other electric utilities to see if they are appropriate and cost effective for our customers. For example, MPC recently reviewed the National Action Plan's Rapid Deployment Energy Efficiency Toolkit and has compared MPC's current programs to those highlighted, see Attachment 1. MPC has also analyzed Chartwell's "Products, Services & Programs Research Series - Industry update: New product launches and DSM expenditures," see Attachment 2. Attachment 3 is a listing of programs MPC evaluated in the most recent Southern Company study conducted in August 2009. All programs that pass the Ratepayer Impact Measure (RIM) are being further evaluated for possible implementation at MPC.

Many programs offered at other utilities contain rebates for the purchase and installation of energy-efficient equipment and appliances. The rebates can substantially increase the cost to the utility of implementing these programs. While these energy-efficient measures reduce the amount of electricity consumed, the cost to generate that electricity is less than the cost of the program which means the programs are not cost effective.

Statewide Energy Efficiency Programs

Adoption of mandated statewide energy efficiency programs may not be in the best interest of a specific utility's customers. Utilities should only activate programs that result in a savings for customers and have no negative outcome for those who can not afford, may not be eligible or choose not to participate. Moreover, any statewide energy efficiency programs mandated by the Commission would only apply to the extent the Commission has jurisdiction over the applicable utilities. Instead of adopting state-wide energy efficiency programs, MPC recommends that the Commission review utility specific proposed programs on an ongoing basis. This ensures that new programs are continually being evaluated and that programs are designed to be appropriate for a specific utility's customer base.

THE APPROPRIATE COST/BENEFIT TEST TO USE IN SCREENING POTENTIAL ENERGY EFFICIENCY PROGRAMS.

MPC follows the basic principles for cost-effectiveness tests as defined in the 2002 version of the California Standard Practices Manual (CSPM).¹ This manual was developed as a guideline for the cost-effectiveness tests performed when DSM and energy efficiency programs are evaluated. By following the guidelines and principles in the manual, MPC ensures that it is following generally accepted methods for the development of cost-effectiveness tests such as the Total Resource Cost (TRC) test, Participant test and the Ratepayer Impact Measure (RIM) test.

The TRC test represents the economic impact of a program on the utility's service territory. The costs included are the incremental costs to purchase and install the measure and administrative costs to run the program. The benefits are measured by the avoided costs of energy.

Programs must pass the TRC as a first level screening to be considered for implementation. The TRC test does not include incentives paid to a participant. Instead,

¹ See <http://drrc.lbl.gov/pubs/CA-SPManual-7-02.pdf> for the California Standard Practices Manual.

these factors are treated as transfer payments among customers. Therefore, using only the TRC test to determine cost effectiveness could lead to upward pressure on rates and cross subsidies between program participants and non-participants.

The Participant test measures the economics of a program from the perspective of a participating customer. The cost included is the incremental cost to purchase and install the measure. The benefits include bill savings realized through reduced energy consumption and the incentive received by the customer.

MPC requires programs to pass the Participant test as a second level of screening to ensure that they are in the best economic interest of a participating customer. The Participant test does not include the impact on the electric utility resulting from lost revenues and incentive payments. Therefore, using only the Participant test as the determination of cost effectiveness would not indicate whether a program could lead to upward pressure on rates or cross subsidization.

The RIM test measures the economics of a program from the perspective of customers who do not participate. The costs included are program costs, incentive payments and the cost of lost revenues due to reduced sales. The benefits included in the RIM test are measured by the avoided costs of energy saved through the program.

The RIM test is the final screen to determine cost effectiveness for program implementation. The RIM test is the only test that includes the cost of incentives and the reduction in utility revenues that could ultimately result in rate increases. Because RIM fully discloses all customer impacts, it is the best measure of fairness to all customers of MPC. When a program fails the RIM test, it means that customers who do not participate will be forced to subsidize customers who participate. Some reasons why a customer may not participate in a program are: (1) some low-income customers cannot afford to participate if they have to pay even a portion of the cost of the measure; (2) some customers may not have the housing characteristics or equipment needs to make participation an option (e.g., a program that promotes ground source heat pumps would not be an option for a customer who lived in an apartment); (3) some customers may have already implemented energy efficiency measures prior to inception of a program; and (4) customers who intend to relocate in the near future may choose not to participate, because they would not get a payback from the future bill savings. Regardless of the

reason, if a program fails RIM, customers who cannot or do not take advantage of that program will be forced to pay higher rates so that other customers can participate.

MPC's policy has been that DSM and energy efficiency programs should pass at least two of the tests described above demonstrating that the program will benefit all participants and do no harm to non-participants. For energy efficiency information and education programs, which are offered as a service to our customers, passage of the RIM test is not required. For all other programs, MPC requires that the program must pass the RIM test. This is consistent with the Company's and Commission's historic application of these tests in the evaluation of promotional practices. Therefore, MPC is opposed to implementing programs that do not pass the RIM test.

Following is an example of the cost effectiveness tests for a refrigerator/freezer recycling program recently evaluated and rejected by MPC. Through this program the utility would offer a \$30 incentive to customers to remove their old, secondary refrigerator or freezer. The utility would incur the cost of removal which is estimated to be \$100 and included below in program cost. The cost estimates and participation levels used in the analysis were provided by JACO Environmental, Inc., a company that partners with electric utilities to offer this program.

Refrigerator/Freezer Recycling Program – Cost Effectiveness Tests

Fails Total Resource Cost (TRC) Test

$$\text{TRC} = \text{Avoided Costs}^{(1)} - (\text{Program Costs}^{(2)} + \text{Participant Cost}^{(3)})$$

$$\text{TRC} = \$44 - (\$100 + \$0)$$

$$\text{TRC} = (\$56)$$

Passes Participant Test

$$\text{Participant Test} = \text{Bill Savings}^{(4)} - \text{Participant Cost}^{(2)} + \text{Incentives}^{(5)}$$

$$\text{Participant Test} = \$93 - \$0 + \$30$$

$$\text{Participant Test} = \$123$$

Fails Ratepayer Impact Measure (RIM)

$$\text{RIM Test} = \text{Avoided Cost}^{(1)} - (\text{Program Costs}^{(2)} + \text{Incentives}^{(5)} + \text{Lost Revenues}^{(6)})$$

$$\text{RIM} = \$44 - (\$100 + \$30 + \$93)$$

$$\text{RIM} = \$44 - \$223 = (\$179)$$

⁽¹⁾Avoided Cost = Generation, transmission, distribution and fuel costs avoided by the utility from the reduction in kWh.

⁽²⁾Program Cost = Utility's cost to administer the program.

⁽³⁾Participant Cost = Customer's cost to participate in the program (i.e., equipment).

⁽⁴⁾Bill Savings = Reduction in the participating customer's electric bill (this will exactly match the Lost Revenues in the RIM Test).

⁽⁵⁾Incentives = Incentive payments provided by the utility to participating customers.

⁽⁶⁾Lost Revenues = Reduction in the utility's revenues created by the program.

As shown, the Refrigerator/Freezer Recycling Program would pass the Participant test but fail both the TRC test and RIM test. Based on a projected participation level of 1,899 customers in the first year of the program, the upward pressure on rates would be approximately \$179 per participating customer or \$338,131. The cumulative impact on all customers would grow over time as the participation level increases. The net present value of the cumulative impact on rates over a 10-year period is approximately \$9 million based on a total participation of over 16,000 customers.

Another test that has been developed to represent value beyond the standard cost effectiveness measures is the Societal Test. This test starts with the costs and benefits used in the TRC test and estimates additional benefits from typically non-monetized factors such as improved health from lower emissions. MPC does not follow this test

because it believes that estimating the value of intangible benefits does not belong in a utility's evaluation of programs. There are no valid methods for calculating these benefits and inclusion of some arbitrary "adder" will produce an inaccurate assessment of cost effectiveness.

COST RECOVERY OF ENERGY EFFICIENCY PROGRAMS, INCLUDING REWARDS FOR SUCCESSFUL PROGRAMS.

Like any business, MPC must be able to recover its prudently incurred costs, whether they are the costs of providing electric service or the costs of increasing customer efficiency. Increases in customer efficiency provide the benefit of lower kWh consumption; however, the recovery of the fixed costs of electric service is dependent on the level of kWh sales in classes served under non-demand rate structures, such as used for residential service. Thus, with successful energy efficiency programs, a methodology is required to not only recover program costs, but also preserve the revenue necessary to recover the fixed costs of electric service. For the reasons stated below, MPC believes that an energy efficiency/demand-side management (EE/DSM) adjustment rider could be effectively designed and implemented to address these issues.

Decoupling and Lost Sales

Decoupling severs the link between a utility's recovery of its fixed costs of providing service through the variable components of rates and its volume of kWh sales to customers. The concept of decoupling is to make the utility financially indifferent to reductions in sales caused by energy efficiency programs. A decoupling mechanism is a formula which quantifies a fixed cost revenue requirement, on an annual basis, while taking into account the growth in customers and in per capita usage that would occur if energy efficiency programs were not implemented. Decoupling does not impact rate structures themselves; however, decoupling results in an annual change in rates in order to meet the decoupling formula revenue target which adequately recovers fixed costs. A flaw of decoupling is that it would provide rate increases to customers due to milder

than normal weather and economic downturns independent of the effects of energy efficiency programs. In addition, decoupling would increase the volatility of rates to customers, as frequent rate changes (at least annually) would be required in order to ensure recovery of fixed costs.

Unlike the formula-based approach of decoupling, lost sales is an engineering calculation of the reduction in energy usage and associated revenues based on specific attributes and specifications of the energy efficiency programs which are being implemented. For example, the reduction in residential kWh usage due to replacing incandescent bulbs with CFL bulbs could be estimated fairly easily on the basis of typical bulb characteristics and expected market penetration. The associated revenue loss could then be calculated by applying the appropriate residential base rate schedule prices and applicable kWh-based adjustment clause prices.

MPC would support a lost sales approach rather than a decoupling approach to fixed cost recovery. In fact, decoupling would be incompatible with the Company's existing performance-based PEP mechanism, which itself is a formula method of calculating a (mostly fixed cost) annual revenue requirement. The recovery of lost sales revenues would be treated best as a component of a separate EE/DSM adjustment rider. An EE/DSM adjustment rider could be structured to recover fixed cost revenues associated with lost sales directly from those rate classes for which energy efficiency programs are specifically applied. Thus, participating rate classes which realize benefits from energy efficiency programs would bear the responsibility of lost sales and nonparticipating rate classes would not be placed in the position of subsidizing fixed cost recovery.

Cost Recovery and Incentives

As with the recovery of lost sales revenues, the capital and O&M costs of energy efficiency and demand-side management programs could be recovered as a separate component of an EE/DSM adjustment rider, as described above. An EE/DSM adjustment rider would provide a means of recovering the cost of specific energy efficiency programs directly from participating rate classes. In addition, this approach would

prevent cross-subsidization by nonparticipating rate classes who would not receive the benefits of a class specific program.

Like any other expenditure, the Company's capitalization guidelines could be applied to determine if a particular energy efficiency program expenditure should be treated as either a plant investment or an O&M expense when developing a program's revenue requirement. As a result, some of the cost of programs could be expensed in the year that they are incurred while some of the cost of other programs could be amortized over the life of the program. Since capitalization criteria may vary somewhat between utilities, cost recovery treatment should be utility specific. Program costs should include the costs of planning, developing, implementing, monitoring, and evaluating the energy efficiency program.

MPC would also support the use of financial incentives to encourage investment in energy efficiency programs. The type of incentive mechanism appropriate for a given program could depend on the degree of difficulty in measuring the program's energy savings benefit. For example, a shared-savings incentive, such as "15% of the net resource savings," would be appropriate for programs whose avoided costs are easily calculated through a cost/benefit test, such as RIM. On the other hand, energy savings benefits would be hard to quantify for a program such as "energy efficiency information;" thus, a program cost markup, such as 5% to 10%, would be more appropriate as a financial incentive mechanism. As discussed above, financial incentives could be recovered as a separate component of an EE/DSM adjustment rider.

Energy Efficiency Rider Implementation

The implementation of rates for energy efficiency program cost recovery, recovery of lost sales (fixed costs of electric service), and financial incentives should be carried out on a utility-by-utility basis, rather than on a uniform statewide basis. Each utility has a different mix of customers, different load and energy conditions, and different costs and rates. Both the technical benefits and financial aspects of energy efficiency would be optimized by selecting programs and rate features which best fit the specific needs of the customers and the utility which serves them.

An EE/DSM adjustment rider would provide a mechanism for recovering program cost, lost sales, and financial incentives. Rider charges should be rate schedule or customer class specific, and large commercial/industrial customers should have the right to opt out of the rider applicability as they typically invest on their own in unique energy efficiency solutions that provide effective and economic energy savings. For simplicity, the three cost recovery components could be calculated annually, summed together, and then divided by the projected rate or customer class kWh sales for the upcoming twelve-month period. A true-up feature should also be included since program costs and billing determinants would represent budgeted amounts. If an EE/DSM adjustment rider was designed in this manner, the Company would be able to establish appropriate rates to recover costs without the concern for interclass cross-subsidization. Furthermore, the details incorporated in the rider would allow for tracking of the individual cost components associated with the implementation of EE/DSM programs.

ESTABLISHMENT OF OVERALL FUNDING LEVEL FOR ENERGY EFFICIENCY PROGRAMS.

An overall funding level that would mandate a required expenditure level for energy efficiency programs could require the company to implement programs and the Commission to approve programs that are not in the best interest of all customers. More programs do not always mean better results. MPC does not wish to duplicate federal and state efforts but, will continue to promote existing federal and state programs. In addition, a multitude of programs may create overlap, thereby decreasing the effectiveness of the individual programs. For this reason, MPC does not support the establishment of an overall funding level for energy efficiency programs.

MPC recommends that energy efficiency funding levels for utilities be based on only what is necessary to implement the most beneficial and cost-effective programs that are approved by the Commission. Any additional funding for energy efficiency programs for the State of Mississippi should come from existing and planned state and federal programs such as rebates and tax credits. Otherwise, the utility customers will have to bear the increased cost of utility funding.

BEST METHODS OF TRACKING AND MEASURING ENERGY EFFICIENCY PROGRAMS PENETRATION AND EFFECTIVENESS.

Tracking and measurement are critical components of an energy efficiency program since the impact on energy usage is the basis of cost effectiveness. There are numerous methods for measurement and verification of the effectiveness of energy efficiency programs depending on the type of program. Here are some examples:

- Estimated energy and demand savings based on sample data;
- Customer surveys;
- Progress toward program participation levels;
- Process evaluations (i.e., administrative processes, customer solicitation methods, etc.); and
- Actual energy and demand savings from on-site metered data

Tracking and measurement of energy efficiency programs can result in substantial costs. An estimate from Rapid Deployment Energy Efficiency (RDEE) Toolkit is that it can add up to 4% to 5% to the cost of program administration. Obviously, the best methods would be those that result in reliable information at minimal cost. In order to minimize costs, MPC recommends that estimated energy and demand savings based on sample data should be used for measurement and verification purposes. This information would be included with an annual submission of DSM and energy efficiency programs.

DEVELOPMENT OF STATE ENERGY AND DEMAND SAVINGS GOALS AND TARGETS.

The development of state energy and demand savings goals and targets could require the company to implement programs and the Commission to approve programs that are not in the best interest of all customers. In order to meet goals, utilities would be motivated to produce more programs, which does not necessarily equate to more energy saved. Adding programs that could be underutilized would result in an increased cost per unit. Utilities should only activate programs that result in savings for customers and no negative outcome for non-participants.

Any statewide energy and demand savings goals mandated by the Commission would only apply to the extent the Commission has jurisdiction over the applicable

utilities. In order to meet goals that were intended for the entire state, an undue burden would be placed only on the customers of the participating utilities through higher rates.

State savings goals could also impede economic development in Mississippi by discouraging the recruitment of energy intensive industries that could result in job creation. Energy and demand savings goals would also be in conflict with the promotion of electric transportation.

MPC recommends that the most effective way for the State of Mississippi to achieve higher levels of energy efficiency would be through: (1) building codes; (2) appliance and equipment standards; and (3) tax credits to consumers.

ESTABLISHMENT OF AN INTEGRATED RESOURCE PLAN WITH ENERGY EFFICIENCY AS A PRIORITY RESOURCE

DSM and energy efficiency programs are already evaluated and included in the Company's plans through integrated resource planning. Integrated resource planning is the process used by MPC to identify and plan for meeting customers' needs for electricity. MPC's IRP process considers a broad range of supply-side and demand-side options in a balanced manner to ensure reliability, minimize costs in order to minimize rate impacts, and address key uncertainties faced by the Company. The primary objective of this process is to secure the lowest cost electricity supply consistent with the quantity and quality of electric service desired by consumers.

The IRP process is rigorous and requires input from a variety of sources from within MPC and assistance from Southern Company Services (SCS) to develop. The major steps in the IRP process are the identification of need, identification of resource options (both demand- and supply- side), and integration of resource options into the resource plan. MPC's evaluation of demand-side alternatives within its IRP process is conducted continuously and independent from whether or not a generation need exists. In fact, those demand-side and energy efficiency programs which are determined to be cost effective and in the best interest of customers are implemented irrespective of whether a need for additional supply-side resources is identified. Once implemented, these programs are included in the needs determination regularly conducted by the Company as part of its IRP and, in fact, serve to decrease the resulting need. Therefore,

inherent in the Company's determination of need is the inclusion of all cost-effective programs, such that any remaining need can only be adequately met with additional supply-side alternatives.

A detailed discussion of MPC's IRP process is contained in the comments, pleadings, testimony and exhibits filed in Commission Docket Nos. 2008-AD-0158 and 2009-UA-0014, which are incorporated herein by reference.

ESTABLISHMENT OF A COLLABORATIVE APPROACH AMONG COMMISSION, STAFF, ELECTRIC UTILITIES AND INTERESTED STAKEHOLDERS

A collaborative effort with multiple sessions would require a dedication of resources and increased costs to MPC customers. MPC recommends instead an annual submission of DSM and energy efficiency programs that are in-place, have been added, have been terminated or have been evaluated and deemed not cost effective. This annual filing would allow for interested parties to intervene and provide comments prior to approval. MPC would submit programs in accordance with the Commission's guidelines which would be filed with stakeholders first and their input would be included in the filing to the Commission. This process would ensure that the most appropriate and cost-effective programs would be implemented while minimizing any additional costs involved in this process.

While input from others is important and can be helpful, only the Commission and the utilities are accountable to the ratepayers and strive to do what is in the best interest of all customers. Unnecessary meetings and travel expenses would result from any directive for regular collaborative sessions. That would not be in the best interest of customers and should not be a part of the review process.

CONCLUSION

In consideration of the comments herein, MPC proposes that utilities and the Commission pursue only those programs which are in the best interest of all customers and cause no harm to non-participants. Also, mandated energy goals and programs are unnecessary and would increase the cost per unit of energy saved as under utilized

programs are activated. In order to optimize energy efficiency in the State of Mississippi, utilities should partner with our state agencies to take full advantage of federal and state funds and provide the most cost-effective programs for customers. MPC also believes that an EE/DSM adjustment rider would provide an effective mechanism for recovering program costs, lost sales, and financial incentives for Commission approved programs.

Overview of the Rapid Deployment Energy Efficiency (RDEE) Toolkit

Program	Market	Program Description	Skill Set	Staffing Needed	Per Unit Source MBtu Saved	Average Cost per Participant	Cost-effective Mississippi Power Programs
Energy Star Labeled Products	Residential & Small Commercial	Rebates for CFLs and Appliances	Retailers, Suppliers & Manufacturers	4-6 full-time employees	0.4	Lighting \$13 Appliance \$83	CFL giveaways (?/yr) & promotion of Energy Star Pledge
Tier 1 Energy Audit and Easy Direct Install	Residential 15 years or older	Basic visual energy checkup with inexpensive direct install measures	Home energy analysts & certified contractors	2-4 full-time employees & 15 contractors	5	\$1,200	Energy evaluations & low-income weatherization performed by marketing
Home Performance with Energy Star	Residential 15 years or older	Comprehensive audit involving diagnostic tools, recommended projects are more costly and involve more time, includes incentives	Highly skilled home energy analysts and contractors	2-4 full-time employees & 15 contractors	66	\$7,500	Partnerships with agencies that have state funding for more advanced low-income weatherization
Residential Efficient Heating and Cooling	Residential new and existing with central AC and furnace	Increase sales of efficient heating and cooling for retrofit and new including incentives for contractors and homeowners	HVAC Contractors	2-4 full-time employees & 15 contractors	5 AC 20 Furnace	\$330	Rebates for gas to heat pump conversions for homeowners and EarthCents Dealers
Non-Residential Prescriptive Program	Commercial, institutional and industrial customers	Encourages Customers to upgrade or retrofit working equipment with new, energy-efficient equipment	Contractors and dealers	3-5 full-time employees and 150 contractors	350 electric 0.3 gas	\$2,700	Business & Industry Services Dept. and Marketing Reps regularly help customers evaluate new equipment opportunities
Non-Residential RetroCommissioning (RCx)	Large Commercial and industrial facilities	Tunes up existing buildings, improving their energy efficiency and operational procedures includes incentives	Commissioning providers	2-5 full-time employees & at least 3-5 Commissioning providers	4,000 electric 500 gas	\$50,000	B&I Services works closely with this segment to help improve process efficiency
Commercial Food Service	Commercial food service equipment distributors and dealers	Provides rebates for energy-efficient commercial food service equipment	Skilled contractors	3-4 full-time employees	23 electric 10 gas	\$1,250	Marketing reps work closely with food service allies and rebates are offered to customers who install electric cooking equipment

Commercial & Industrial Custom	Mostly Large Industrial	Supports C&I customers in identifying and implementing site-specific and unique cost-effective energy efficiency opportunities, often requiring engineering calculations	Engineers	3-5 full-time employees	1,500 electric 950 gas	\$20,000	B&I Services is staffed with Professional Engineers and Certified Energy Managers who work with this segment on tailored energy efficiency efforts
Non-Residential Benchmarking and Performance	Commercial	Assists in benchmarking and monitoring building energy performance	Building performance experience and engineers	2-4 full-time employees	2,000 electric 250 gas	\$40,000	B&I Services and Marketing reps perform onsite energy evaluations, make energy efficiency recommendations and can provide energy usage data before and after improvements; this is not, however, the in-depth program referenced here
Non-Residential On-Site Energy Manager	Large Facilities (1+million ft ² of conditioned space)	Assists businesses by hiring and training an On-Site energy Manager (OEM) to work with them for a six month period	Engineers and 1 full-time OEM per participant	2 employees	4,500	\$50,000	N/A

Key Takeaways:

- Staffing needs are based on a larger market, i.e. Tier 1 Audit and Home Performance with Energy Star are based on 250,000 eligible homes, 15 years or older. MPC has 153,000 residential customers in total.
- Who should be the program administrator or sponsor is not clear.
- Training and certifications are required for the success of the programs.
- Collaboration and leveraging of funds is needed. Depending on the program, “provides an excellent opportunity to leverage EPA/DOE resources ... and to collaborate nationally with utility companies, state and local agencies, retailers, manufacturers and consulting communities.” Who should coordinate the leveraging and collaborative efforts is not clear.
- Stimulus Funding is recommended for every program mentioned above.
- The staffing levels for each program are based on startup and may increase as the programs progress.

Attachment 2

Mississippi Power's DSM Programs vs. Other Utilities

Newly launched product/services for mass market customers – 2009 survey, verbatim answers to open-ended question*

Mississippi Power Programs

Demand response

A/C cycling	earthcents [®] Switch Program filed with PSC
TOU offering with fewer on peak hours	earthcents [®] Home Energy Management Program filed with PSC

Energy efficiency

Appliance recycling (2 respondents)	Have investigated but does not pass cost effectiveness test
Duct test and repair	Vendor recommendations
Energy audits (2 respondents)	Have completed 311 residential and 19 commercial audits
Energy efficiency programs	earthcents [®] education, rebates, financing, audits, online checkups, low-income weatherization and school program
Energy efficiency retrofits (2)	earthcents [®] rebates and financing for gas to electric conversions
Energy efficiency retrofits	earthcents [®] rebates and financing for gas to electric conversions
Energy Fairs, quarterly	Home, Earth Day and Energy Awareness Day Shows
Energy saving tips	Brochures, website, bill stuffers, etc.
Energy Star new construction	earthcents [®] New Home
Financing – Energy Star Prime Rate Loan Program	earthcents [®] Financing – 3 rd Party financing
Home electricity reports	Online and paper bill monthly account usage and cost information (1 year ago, last month and current month comparison)
Home Performance	Online and paper bill monthly account usage and cost information (1 year ago, last month and current month comparison)
Home Performance with Energy Star (3)	None
Home Products, Energy Star	Promotion of Energy Star Products through earthcents [®]
HVAC – AC retrofit	earthcents [®] rebates, dealers and financing
HVAC – Air filter replacement program	Air filter replacement program
HVAC – Ground-source heat pumps	Supply information on technology and vendor recommendations
HVAC – Heat pump programs	Education, rebates and financing for gas to electric conversions
HVAC – Heat pump rebate	earthcents [®] rebates
HVAC – Heating and cooling rebate programs	earthcents [®] rebates
In-home displays (BlueLine monitors)	Will become available with AMI
In-home energy displays	Will become available with AMI
Lighting – CFL bulbs	Received pledges to change out 94,540 incandescent bulbs and have given away 14,400 bulbs
Lighting – CFL coupons	Have given away 14,400 bulbs
Lighting – CFL lighting program	Pledges and giveaways
Lighting – efficient lighting rebates	Pledges and giveaways
Lighting – Energy Star lighting	Pledges and giveaways
Lighting – retail (big box stores)	Working on partnering with Home Depot

Energy efficiency continued

Low-income – Non-profit efficiency grant program	None
Multi-family energy efficiency program (3 respondents)	None
Multi-family new construction program	None
New construction program (2)	earthcents® New Home Program
Online account management	Online bill pay and account management
Online bill analysis service	Online bill pay and account management
Online energy audit (2)	Online Energy Checkup (2 versions – easy and detailed)
Online energy usage tool	Online Energy Checkup (2 versions – easy and detailed)
Pool pump rebate	None
Programmable thermostat rebate	Currently investigating for commercial cooling, as well as PCT giveaways for Home Energy Management Program
Refrigerator rebate	None
Water heater – High efficiency natural gas water heater rebate program	None – Rebates for gas to electric and heat pump water heaters being tested for possible rebate program
Water heater – Marathon water heater sales and rebates	None – Rebates for gas to electric and heat pump water heaters being tested for possible rebate program
Weatherization – Attic insulation rebate	None
Weatherization – Incentives	None
Weatherization – Low-income insulation program	By year end will have completed 200 in 2 years

* Jennifer Quay Allen, “Products, Services & Programs Research Series - Industry update: New product launches and DSM expenditures,” *Chartwell*, 30 October 2009.

**Attachment 3
Energy Efficiency Programs Evaluated in 8/2009**

Residential:	<ul style="list-style-type: none"> • New Home 16 SEER AC Upgrade • New Home 16 SEER Heat Pump • Water Heater Blankets • Existing Home 16 SEER AC Upgrade with Duct Sealing • Existing Home 16 SEER Heat Pump Upgrade with Duct Sealing 	<ul style="list-style-type: none"> • HVAC Audit & Duct Sealing • Energy Star Refrigerator Replacement • Energy Star Washing Machine Replacement • Refrigerator Freezer Recycling Program
Commercial:	<ul style="list-style-type: none"> • Cooling High Efficiency ASD Chiller High Efficiency Chiller (air cooled) High Efficiency Packaged AC – Air Cooled 12 EER Room/PTAC AC Energy Star High Efficiency Chiller (water cooled) Full Thermal Energy Storage Partial Thermal Energy Storage • Cooling/Heating Geothermal Heat Pump High Efficiency Heat Pump – Air Cooled 12.0 EER/3.3 COP Set-Back Programmable Thermostat Ceiling Insulation – Gas Ceiling Insulation – Electric Resistance Ceiling Insulation – Heat Pump High Efficiency Energy Star Windows and Skylights • Exterior/Interior Lighting Mercury Vapor to HID Photocell Controls LED Traffic Signal HPS lamps – Street Incandescent to HD Ceramic Metal Halide CFL/Hardwire CFL/Screw-In Indoor Daylight Sensors Reflectors/Delamping – 4 Ft. Lamp Reflectors/Delamping – 8 Ft. Lamp T5 Lighting T8 Lamp/Electronic Ballasts – 4 Ft. Fixture T8 Lamp/Electronic Ballasts – 8 Ft. Fixture LED Exit Sign Light Pipes HID Lighting Induction Lamps Interior High Bay Linear Fluorescent Fixture 	<p>Interior Metal Halide Pulse Start Fixtures Electrodeless Fluorescent Halogen Lamp Refrigerated Case Door Lighting – Electronic Ballasts</p> <ul style="list-style-type: none"> • Cooking Commercial Hot Food Holding Cabinets (Energy Star) Commercial Solid Door Refrigerator & Freezer (Energy Star) Commercial Steam Cookers (Energy Star) High Efficiency Fryers (Energy Star) High Efficiency Griddle High Efficiency Induction Cooking High Efficiency Ventilation Hoods • Water Heating Heat Pump Water Heater High Efficiency Small Instantaneous Water Heaters Insulating Blanket (R-11) • Appliances Energy Star Washing Machine Super Efficient Horizontal Axis Energy Star Washing Machine Vendor Miser High Efficiency Ice Makers Anti-Sweat Heat Control – Humidistat Glass or Acrylic Doors – Low Temperature Case High Efficiency Glass Doors Refrigerator Case Special Doors w/Low/No Anti Sweat heat Energy Star Refrigerated Beverage Vending Machine • Miscellaneous Time Clock Occupancy Sensor Energy Star Monitor Office Load Control (shed) Plug Load Sensors
Industrial:	<ul style="list-style-type: none"> • Interruptible Program • Premium Efficient Motor (5hp): 1 Shift • Premium Efficient Motor (5hp): 2 Shift • Premium Efficient Motor (5hp): 3 Shift • Premium Efficient Motors (50 hp): 1 Shift • Premium Efficient Motors (50 hp): 2 Shift • Premium Efficient Motors (50 hp): 3 Shift • Compressed Air System Improvement • Compact Fluorescent Lamp/Hardwire (Base incandescent <200W) 	<ul style="list-style-type: none"> • Compact Fluorescent Lamp/Screw-in • Indoor Daylight Sensors • Reflectors/Delamping: 4 Ft. Lamp • Reflectors/Delamping: 8 Ft. Lamp • T8 Lamp/Electronic Ballasts: 4 Ft. Fixture • LED Exit Sign • Time Clock • High Efficiency Chiller (water cooled) • High Efficiency Chiller (water cooled) • High Efficiency Plastic Injection Molders