

**BEFORE THE PUBLIC SERVICE COMMISSION
OF THE
STATE OF MISSISSIPPI**

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**

ORDER ESTABLISHING DOCKET

Comes now the Mississippi Public Service Commission (“Commission”) and establishes this docket for the purpose of investigating the development and implementation of energy efficiency programs and standards:

1. In Docket No. 2008-AD-477, the Commission considered the adoption of Integrated Resource Planning, Rate Design Modifications to Promote Energy Efficiency Investments, Consideration of Smart Grid Investments and Smart Grid Information standards enumerated in 16 U.S.C. § 2621(d) as required by Energy Independence and Security Act of 2007 (“EISA”). The Commission issued an order on December 15, 2009, denying these federal standards. The Commission in its order did acknowledge the importance of energy efficiency and the goals behind the proposed federal standards. However, the Commission stated that it believed Mississippi ratepayers would be better served with energy efficiency standards tailored to fit the specific needs of Mississippi. Therefore, the Commission stated it would open a docket by January 5, 2010, to consider state energy efficiency standards.

2. The Commission is initiating this docket to investigate and consider the following:

- a. the types of energy efficiency programs which will produce the quickest and most cost-effective results for the various customer classes within Mississippi;
- b. the appropriate cost/benefit test to use in screening potential energy efficiency programs;
- c. the cost recovery of energy efficiency programs as well as adopting a rewards structure for successful energy efficiency programs;
- d. the establishment of an overall funding level for energy efficient programs and measures;
- e. the best methods for tracking and measuring energy efficiency program penetration and effectiveness;
- f. the development of state energy and demand savings goals and targets;
- g. the establishment of an integrated resource plan with energy efficiency as a priority resource.

3. The Commission seeks comments from the utilities and interested stakeholders regarding what type of programs will produce the quickest and most cost-effective results for the various customer classes within Mississippi. The Commission would like information regarding what energy efficiency programs or proposals each utility currently has in place or is under consideration. The Commission also desires information regarding energy efficiency programs used in other states which may be appropriate, cost-effective and produce the most expeditious results for all classes of customers in Mississippi. Participants should also include the cost of implementing these programs and the benefit of such programs on customers. Finally, the Commission seeks recommendations regarding adopting a uniform set of statewide energy efficiency programs along with utility-specific programs.

4. The Commission also seeks comments regarding whether one or more of the various cost/benefit tests (Utility Cost Test, Ratepayer Impact Measure (“RIM”), Total Resources Cost (“TRC”) or Societal Cost) should be used to screen potential energy efficiency programs. The Commission would like numeric examples submitted illustrating how the tests are applied as well as examples which support arguments for and against the various tests. Further, the Commission would like information regarding whether different combinations of tests may be appropriate for different circumstances and asks the parties to recommend which tests should be performed and how they should be weighted for different types of program objectives.

5. The Commission also seeks comments regarding the cost recovery of energy efficiency programs as well as adopting a rewards structure for successful energy efficiency programs. Comments regarding cost recovery should include whether costs should be collected through base rates or a rider, whether program costs should be expensed in the year they are incurred or should be deferred and amortized into rates over a period of time that is equivalent to the average energy efficiency programs measure lives, and whether cost recovery should be uniform for all utilities or be utility specific. Comments regarding a rewards structure for successful programs should include what incentives (financial, ratemaking or otherwise) are necessary and appropriate for utilities to implement efficiency and conservation programs and what incentives (i.e., special financing rates, rebates or promotions) are appropriate and cost-effective to encourage consumers to embrace certain types of energy efficiency programs. Information regarding the use of financial incentives that encourage utilities to invest in energy efficiency should include possible rate-base treatment, shared savings incentives, cost-of-service and rate-of-return adjustments and inducements, lost-revenue adjustments and revenue

decoupling mechanisms. Finally, the Commission seeks information regarding whether the financial incentives should be uniform for utilities statewide or on a utility specific basis.

6. The Commission also seeks comments regarding the establishment of an overall funding level for energy efficiency programs and measures. The Commission would like information regarding how a funding level should be determined such as percentage of utility revenues, dollars per kwh of sales or some other approach. Also, the Commission seeks recommendations regarding whether the funding level should be uniform statewide or on a utility specific basis.

7. The Commission also seeks comments regarding the methods for evaluating, measuring and validating (“EMV”) the effectiveness of energy efficiency programs. The Commission seeks recommendations regarding the development of statewide uniform EMV guidelines and what such guidelines should include.

8. The Commission also seeks comments regarding whether it should consider the development of state energy and demand savings goals and targets or consider the development of company specific energy and demand savings goals and target as well as what the savings goals and targets should be.

9. The Commission also seeks comments regarding the development of an integrated resource plan (“IRP”) with cost effective energy efficiency as a priority resource. The Commission acknowledges that the IRP issue has come up in other dockets especially regarding whether an IRP should be developed in a collaborative public process. To the extent any comments will repeat statements made in other Commission Dockets, the parties may adopt that previously filed comments and/or testimony regarding this issue. The Commission seeks comments primarily on the treatment of cost effective energy efficiency as a priority resource

(i.e., should this be done, how the IRP would treat energy efficiency as a priority above other resources, should there be a “loading order” such as first pursuing all cost-effective efficiency resources before using conventional energy sources to meet new load).

10. In the EISA standards hearing, both EMI and MPCo agreed that a collaborative approach among the Commission, Staff, electric utilities and interested stakeholders would be the most conducive way to develop meaningful energy efficiency standards. The Commission agrees that a collaborative process is the best way to proceed. Due to the numerous issues regarding the development of energy efficiency standards, the Commission will likely have to schedule multiple collaborative sessions in order to have a meaningful, in-depth discussion of these topics. Therefore, the Commission invites all parties to include in its comments detailed suggestions regarding the procedure to be followed in this Docket.

IT IS THEREFORE ORDERED THAT:

(1) All interested persons and all electric and natural gas utilities over which this Commission has ratemaking authority as well as all electric power associations in Mississippi are invited to become parties and to submit written testimony or comments.

(2) All parties desiring to submit testimony or comment shall do so within sixty (60) days of publication of notice of this proceeding in a newspaper of general circulation published in Jackson, Mississippi.

(3) The Executive Secretary of the Commission is hereby instructed to serve a copy of this Order on Entergy Mississippi, Inc., Mississippi Power Company and on all parties who intervened in the EISA standards docket (No. 2008-AD-477). The Executive Secretary of the Commission is further instructed to publish notice of this proceeding in a newspaper of general

circulation published in Jackson, Mississippi, all as provided by Miss. Code Ann. § 77-3-47 and in accordance with the Commission's Public Utilities Rules of Practice and Procedure.

(4) The Commission will set a hearing date by subsequent order.


This Order shall be deemed issued on the day it is served upon the parties herein by the Executive Secretary of this Commission who shall note the service date in the file of this Docket.

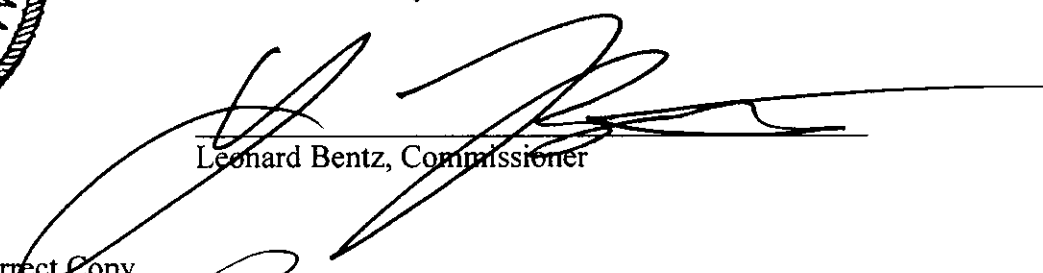
Chairman Brandon Presley voted Agree; Vice-Chairman Lynn Posey voted Agree; and Commissioner Leonard Bentz voted Agree;

Dated, this the 15th day of JANUARY, 2010.

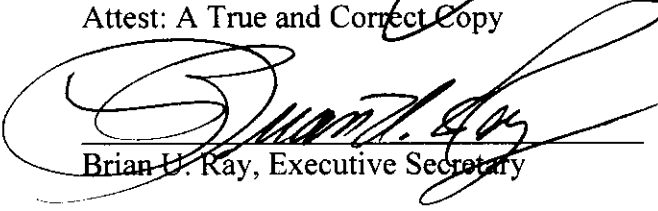
MISSISSIPPI PUBLIC SERVICE COMMISSION


Brandon Presley, Chairman


Lynn Posey, Vice-Chairman


Leonard Bentz, Commissioner

Attest: A True and Correct Copy


Brian U. Ray, Executive Secretary

Effective this the 15th day of JANUARY, 2010.