

Paul Suskie, Chairman Arkansas Public Service Commission

in Arkansas and the New Energy Economy.

- A perspective from the Arkansas Public Service Commission.

Today's presentation.

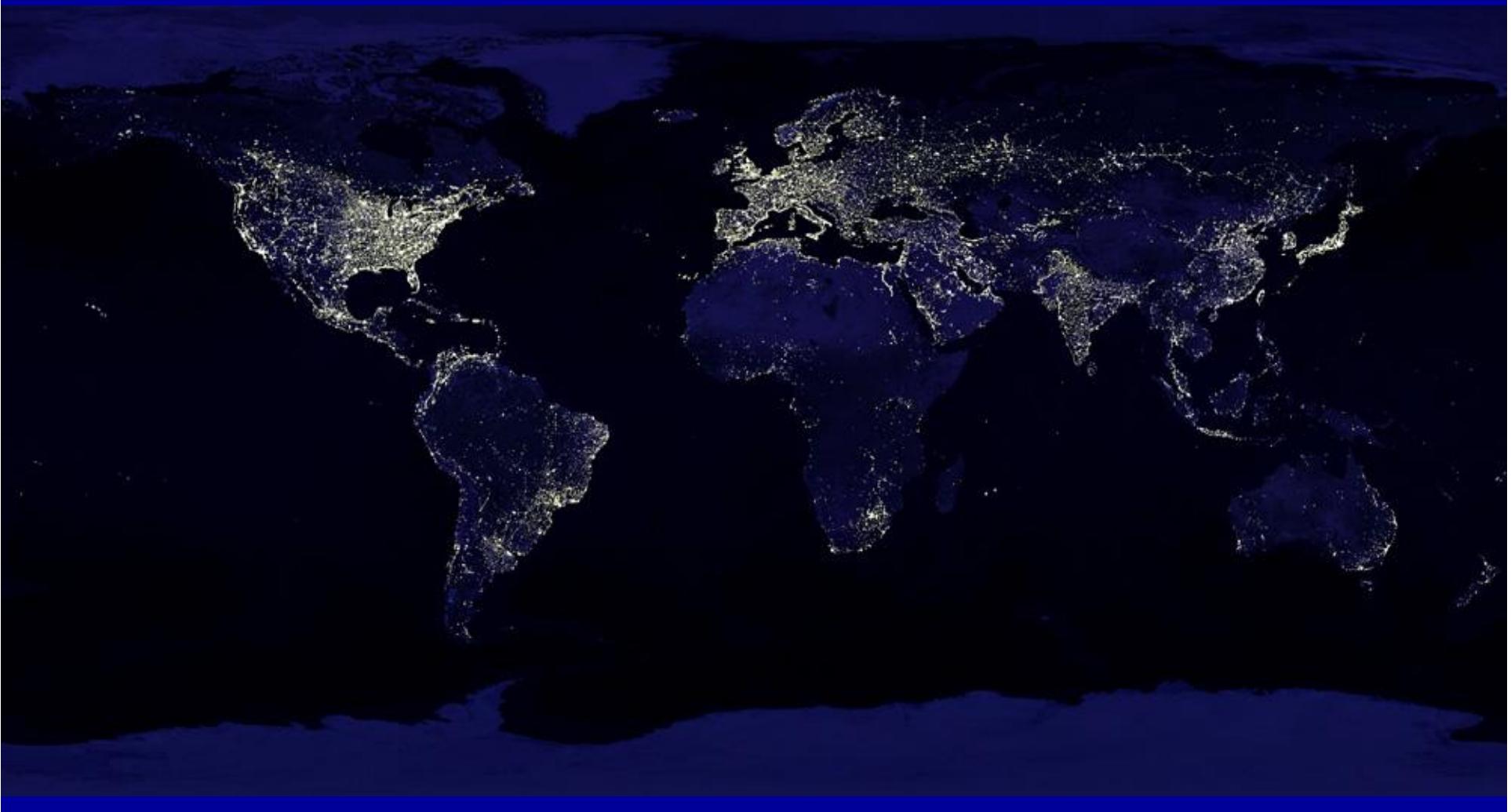
- Our Future Energy Economy Challenge
- Historical Model of Utility Regulation.
- Transitioning to a New Model.
- The Arkansas PSC's Response.

National Academy of Engineering.

- 1. Electrification**
- 2. Automobile
- 3. Airplane
- 4. Water Supply and Distribution
- 5. Electronics
- 6. Radio and Television
- 7. Agricultural Mechanization
- 8. Computers
- 9. Telephone
- 10. Air Conditioning and Refrigeration
- 11. Highways
- 12. Spacecraft
- 13. Internet
- 14. Imaging
- 15. Household Appliances
- 16. Health Technologies
- 17. Petroleum and Petrochemical Technologies
- 18. Laser and Fiber Optics
- 19. Nuclear Technologies
- 20. High-performance Materials

Electrification of America & the World

A Great Challenge of Our time!



Our Future Energy Economy Challenge

- “U.S. EE investment of \$520 Billion would yield energy savings of over \$1.2 trillion by 2020 and reduce projected energy use by 23%.”
 - *McKinsey, Unlocking Energy Efficiency in the U.S. Economy,* July 2009
- “U.S. will need to spend \$1.5 - \$2 trillion by 2030 to upgrade its electricity system. To raise and spend capital on this massive scale, the utility industry must represent a sufficiently investment attractive vehicle”
 - *The Brattle Group*

Historical Model of Utility Regulation

- Development of Electric and Gas Utilities.
- Establishment of State Regulation.
 - Capital intensive
 - Certainty of Cost Recovery
 - IT WORKED – Greatest Achievement of 20th Century!
- Deregulation Trend.

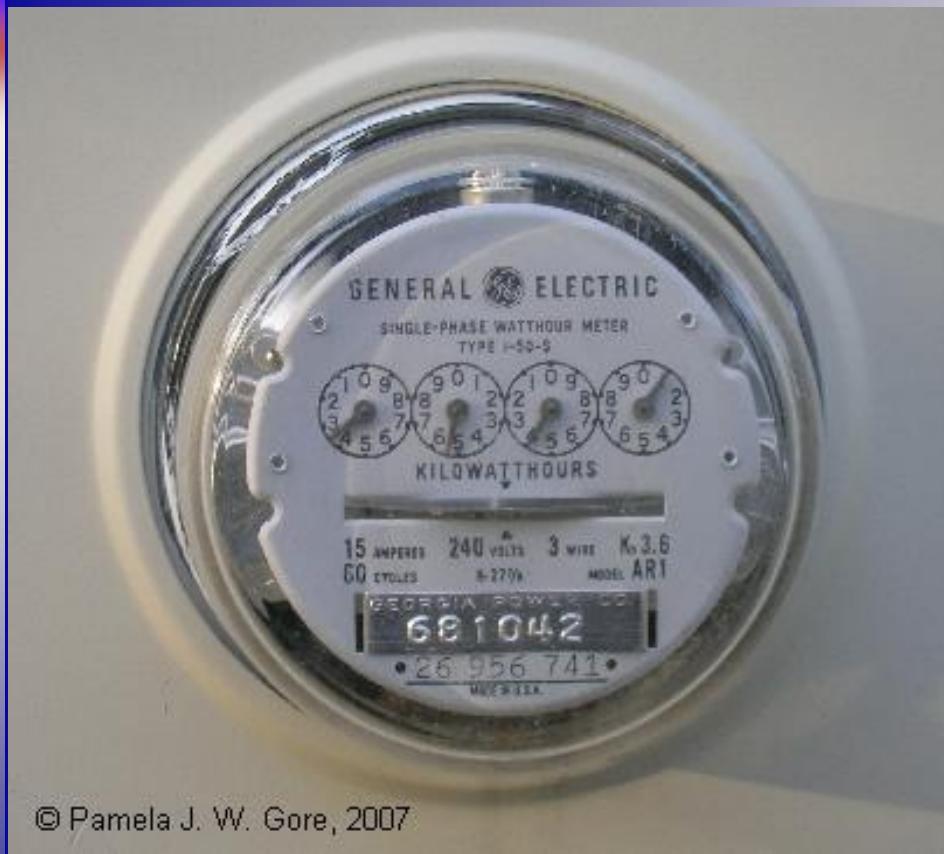
Transitioning to a New Model

- Historical Model
 - Encourages Consumption
 - Incentivizes Capital Intensive Project
 - Dis-incentivizes Energy Efficiency
- Einstein
- New Model
 - Incentivizes Energy Efficiency
 - Promotes investments in EE and Renewables

How did we Transition?



How do we transition?



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Where we want to be!



Arkansas PSC's Response

- Energy Conservation Endorsement Act of 1977.
 - Ark. AG Bill Clinton
 - 2008 Program \$10.6M & 2010 \$17.1M
- Decoupling of Gas Utilities.
- Commission's 2008 Initiatives.
 - Transmission Docket (08-136-U)
 - Innovative Ratemaking Docket (08-137-U)
 - Sustainability Docket (08-144-U)

Conclusion

“If I were emperor of the world, I would put the pedal to the floor on energy efficiency and conservation for the next decade.”

—Dr. Stephen Chu, Secretary of Energy