



0000088787

ORIGINAL

RECEIVED

BEFORE THE ARIZONA CORPORATION COMMISSION

2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27

COMMISSIONERS
MIKE GLEASON - CHAIRMAN
WILLIAM A. MUNDELL
JEFF HATCH-MILLER
KRISTIN K. MAYES
GARY PIERCE

2008 SEP 18 P 4: 00

AZ CORP COMMISSION
DOCKET CONTROL

Arizona Corporation Commission

DOCKETED

SEP 18 2008

DOCKETED BY

IN THE MATTER OF THE APPLICATION OF) DOCKET NO. E-04204A-07-0365
UNS ELECTRIC, INC.'S REQUEST FOR)
APPROVAL OF ITS DEMAND-SIDE) **UNS ELECTRIC'S COMMENTS**
MANAGEMENT COMMERCIAL FACILITIES) **ON STAFF'S REPORT AND**
EFFICIENCY PROGRAM) **PROPOSED ORDER**

UNS Electric, Inc. ("UNS Electric" or the "Company"), through undersigned counsel, hereby submits its comments to the Arizona Corporation Commission ("Commission") Staff's Report and Recommended Opinion and Order ("ROO") for the UNS Electric Commercial Facilities Efficiency Program ("Program"). UNS Electric generally supports the conclusions reached by Commission Staff and appreciates Staff's effort and diligence in analyzing the Program. However, in order to generate participation in the Program and to achieve the savings and cost-benefit outlined, UNS Electric offers the following comments and modifications:

I. COMMENTS AND MODIFICATIONS.

A. Ordering Paragraph No. 2, page 12, line 12: "IT IS FURTHER ORDERED that incentive payments shall not exceed 85 percent of the cost of the measure..."

In UNS Electric's experience, lower incentives reduce program participation. UNS Electric proposes that incentives be designed to offset up to 90 percent of the project installation costs in order to encourage and maintain Program participation. This is particularly important with small businesses, the key targets for this Program. Additionally, if incentives are capped too low, contractors may simply raise their prices to cover the reduced incentive. A 90 percent incentive

1 cap will be equal to the cap approved for Tucson Electric Power Company's program and would
2 help to minimize administrative costs due to the consistency between the companies' programs.

3 In Findings of Fact No. 8, page 2, lines 22 and 28, and page 3, line 3, please **delete** "85"
4 and **insert** "90". In Findings of Fact No. 33a, page 11, lines 15-18, please **delete** all references to
5 "85" and **insert** "90". In Ordering Paragraph No. 2, page 12, lines 12, 13, and 16, please **delete**
6 "85" and **insert** "90".

7 **B. Ordering Paragraph No. 2, page 12, line 12: "IT IS FURTHER ORDERED**
8 **that incentive payments shall not exceed 85 percent of the cost of the measure and in**
9 **calculating the 85 percent cap any applicable energy efficiency rebates and incentives,**
10 **including federal, state, and local tax credits that are being offered for energy efficiency**
11 **improvements should be taken into account, to ensure that the total amount of incentives**
12 **from all sources does not exceed 85 percent."**

13 In UNS Electric's experience with its existing programs, lower incentives reduce program
14 participation. UNS Electric believes that Staff's requirement to cap the rebate and incentive is
15 costly and may reduce the success of the implementation of the Program. In addition to the
16 aforementioned constraint, there may be delays in the receipt of incentive payments, forcing
17 customers to wait until the business' fiscal year-end tax return is prepared to receive any incentives
18 or benefits from participation in the Program. Additional customer burden and consequent delays
19 in receipt of incentive payments may present undue burdens and hurdles to customers, thereby
20 reducing Program participation. UNS Electric recommends that no rebates, incentives, or tax
21 credits be subtracted from the incremental cost of the equipment.

22 Please **delete** Findings of Fact No. 8, page 2, lines 27-28 through page 3, lines 1-3,
23 beginning with, "Staff has recommended...". Please **delete** Findings of Fact No. 33a, page 11,
24 lines 15-18, beginning with "and in calculating...". Please **delete** Ordering Paragraph No. 2, page
25 12, lines 13-16, beginning with "and in calculating...".

26
27

1 **II. CONCLUSION.**

2 WHEREFORE, for all of the foregoing reasons, UNS Electric submits these comments and
3 modifications for the Commission's consideration.

4
5 RESPECTFULLY SUBMITTED this 18th day of September 2008.

6
7 UNS ELECTRIC, INC.

8
9 By Michelle Livengood

10 Michelle Livengood
11 One South Church Avenue, Suite 200
12 Tucson, Arizona 85701

13 and

14 Michael W. Patten
15 One Arizona Center
16 400 East Van Buren Street, Suite 800
17 Phoenix, Arizona 85004

18 Original and 13 copies of the foregoing
19 filed this 18th day of September 2008 with:

20 Docket Control
21 Arizona Corporation Commission
22 1200 West Washington Street
23 Phoenix, Arizona 85007

24 Copy of the foregoing hand-delivered/mailed
25 this 18th day of September 2008 to:

26 Jane Rodda, Esq.
27 Administrative Law Judge
Hearing Division
Arizona Corporation Commission
400 W. Congress
Tucson, Arizona 85701

Janice Alward, Esq.
Chief Counsel, Legal Division
Arizona Corporation Commission

1 1200 West Washington Street
Phoenix, Arizona 85007

2 Ernest G. Johnson
3 Director, Utilities Division
4 Arizona Corporation Commission
1200 West Washington Street
Phoenix, Arizona 85007

5
6 By Mary Spollet
7

8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27