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**MEMORANDUM
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Arizona Corporation Commission
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AUG 11 2009

TO: THE COMMISSION

2009 AUG 11 P 4:47

FROM: Utilities Division

AZ CORP COMMISSION
DOCKET CONTROL

DATE: August 11, 2009

DOCKETED BY	
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RE: UNS ELECTRIC, INC. – APPLICATION FOR APPROVAL TO CONTINUE THE ON-LINE AUDIT COMPONENT OF ITS EDUCATION AND OUTREACH PROGRAM (DOCKET NO. E-04204A-07-0365)

On July 2, 2009, UNS Electric, Inc. (“UNS Electric” or “the Company”) filed a request for continuation of the on-line energy audit component of its enhanced Education and Outreach (“EO”) Program. The new EO program was approved on July 3, 2008, in Decision No. 70401, and consolidated previously separate residential and commercial programs, also adding an academic energy education component. Spending was also increased.¹

On-line energy audits were among the programs consolidated under Decision No. 70401.² The energy audits were designed to assist residential and commercial customers in managing energy use and controlling energy costs. Continuation of the on-line audits as a component of the enhanced EO program was approved on only an interim basis, due to concern over low participation rates, particularly for commercial customers. Staff concluded that without significant improvement, continuation of the on-line energy audit component could not be justified.

UNS Electric had not determined the specific reason or reasons for low participation, but indicated that a lack of public awareness, and issues with the survey or software could be contributing factors.

Decision No. 70401 ordered the Company to determine why participation rates were low for commercial customers. Footnote 2 of the Order also recommended that participation by residential customers be improved.

The Company was ordered to apply to continue the on-line energy audits one year following approval of the new EO program, if the on-line audit component was continued in its existing form. Alternatively, if UNS Electric determined that it was necessary to significantly

¹ From a total of \$89,500 for the separate programs, to \$120,000 for the combined and enhanced EO program.

² Both commercial and residential audits utilize an on-line auditing tool entitled the “Energy Advisor.”

revise the existing program component (for example, by changing software), the Company was ordered to apply for approval one year following implementation of the revised program component.

UNS Electric determined that the low participation cited in Decision No. 70401 was due to limited public awareness of the on-line energy audits and, after one year, filed to continue the existing program with improved marketing. The Company updated the Energy Advisor's cooling calculator with local costs and energy usage, and made it easier to access the Energy Advisor, but otherwise continued the on-line energy audit component in its existing form.

When UNS Electric's education and outreach efforts consisted of separate programs, advertising of the Energy Advisor was limited to approximately three months of the year. Under the current enhanced and consolidated EO program, marketing is now year-round, and includes bill inserts, print and radio advertisements, and website marketing.

From July 2008 through May 2009, UNS Electric spent \$22,850 to market the Energy Advisor³, resulting in a large increase in participation by residential customers, and a smaller increase in participation by commercial customers.

The number of completed on-line residential energy audits from January through May 2009 was 573, compared to 150 during the same period in 2008. This represents a 282 percent increase. The number of completed on-line commercial energy audits from January through May 2009 was 16, compared to 5 for the same period during 2008. UNS Electric projects that there will be 34 completed commercial on-line energy audits by the end of 2009.

UNS Electric also plans to conduct a survey of customers participating in its on-line audits, to evaluate the Energy Advisor. The Company will include an analysis of the results of its survey in the next semi-annual DSM report.

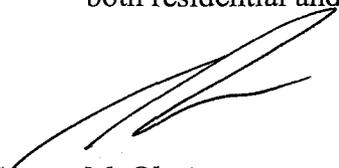
The Company will also report participation rates in its semi-annual demand-side management reports, on an on going basis. Staff reviews these reports to monitor participation and to ensure programs are otherwise performing as anticipated.

Staff recommends that the Commission approve continuation of the on-line energy audit component. The increase in public awareness brought about by additional marketing has translated into a much higher level of participation by residential customers. Participation by commercial customers, a customer segment normally difficult to reach with DSM programs, has also shown improvement. Staff recommends that the Company continue to work toward increased participation by both residential and commercial customers.

³ "Energy Advisor" is the title of the actual on-line audit program.

Summary of Staff Recommendations

- Staff recommends that the on-line energy audit component of the EO program be approved for continuation until further order of the Commission.
- Staff recommends that the Company continue to work toward increased participation by both residential and commercial customers.



Steven M. Olea
Director
Utilities Division

SMO:JMK:lhmkOT

ORIGINATOR: Julie McNeely-Kirwan

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BEFORE THE ARIZONA CORPORATION COMMISSION

KRISTIN K. MAYES
Chairman

GARY PIERCE
Commissioner

PAUL NEWMAN
Commissioner

SANDRA D. KENNEDY
Commissioner

BOB STUMP
Commissioner

IN THE MATTER OF THE APPLICATION)
OF UNS ELECTRIC, INC'S REQUEST FOR)
APPROVAL TO CONTINUE THE ON-LINE)
AUDIT COMPONENT OF ITS)
EDUCATION AND OUTREACH DSM)
PROGRAM)

DOCKET NO. E-04204A-07-0365
DECISION NO. _____
ORDER

Open Meeting
August 25 and 26, 2009
Phoenix, Arizona

BY THE COMMISSION:

FINDINGS OF FACT

1. UNS Electric, Inc. ("UNS Electric" or "the Company") is engaged in providing electric power within portions of Arizona, pursuant to authority granted by the Arizona Corporation Commission.

2. On July 2, 2009, UNS Electric filed a request for continuation of the on-line energy audit component of its enhanced Education and Outreach ("EO") Program. The new EO program was approved on July 3, 2008, in Decision No. 70401, and consolidated previously separate residential and commercial programs, also adding an academic energy education component. Spending was also increased.¹

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¹ From a total of \$89,500 for the separate programs, to \$120,000 for the combined and enhanced EO program.

1 3. On-line energy audits were among the programs consolidated under Decision No.
2 70401.² The energy audits were designed to assist residential and commercial customers in
3 managing energy use and controlling energy costs. Continuation of the on-line audits as a
4 component of the enhanced EO program was approved on only an interim basis, due to concern
5 over low participation rates, particularly for commercial customers. Staff concluded that without
6 significant improvement, continuation of the on-line energy audit component (the "Energy
7 Advisor") could not be justified.

8 4. UNS Electric had not determined the specific reason or reasons for low
9 participation, but indicated that a lack of public awareness, and issues with the survey or software
10 could be contributing factors.

11 5. Decision No. 70401 ordered the Company to determine why participation rates
12 were low for commercial customers. Footnote 2 of the Order also recommended that participation
13 by residential customers be improved.

14 6. The Company was ordered to apply to continue the on-line energy audits one year
15 following approval of the new EO program, if the on-line audit component was continued in its
16 existing form. Alternatively, if UNS Electric determined that it was necessary to significantly
17 revise the existing program component (for example, by changing software), the Company was
18 ordered to apply for approval one year following implementation of the revised program
19 component.

20 7. UNS Electric determined that the low participation cited in Decision No. 70401 was
21 due to limited public awareness of the on-line energy audits and, after one year, filed to continue
22 the existing program with improved marketing. The Company updated the Energy Advisor's
23 cooling calculator with local costs and energy usage, and made it easier to access the Energy
24 Advisor, but otherwise continued the on-line energy audit component in its existing form.

25 8. When UNS Electric's education and outreach efforts consisted of separate
26 programs, advertising of the Energy Advisor was limited to approximately three months of the

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28 ² Both commercial and residential audits utilize an on-line auditing tool entitled the "Energy Advisor."

1 year. Under the current enhanced and consolidated EO program, marketing is now year-round,
2 and includes bill inserts, print and radio advertisements, and website marketing.

3 9. From July 2008 through May 2009, UNS Electric spent \$22,850 to market the
4 Energy Advisor, resulting in a large increase in participation by residential customers, and a
5 smaller increase in participation by commercial customers.

6 10. The number of completed on-line residential energy audits from January through
7 May 2009 was 573, compared to 150 during the same period in 2008. This represents a 282
8 percent increase. The number of completed on-line commercial energy audits from January
9 through May 2009 was 16, compared to 5 for the same period during 2008. UNS Electric projects
10 that there will be 34 completed commercial on-line energy audits by the end of 2009.

11 11. UNS Electric also plans to conduct a survey of customers participating in its on-line
12 audits, to evaluate the Energy Advisor. The Company will include an analysis of the results of its
13 survey in the next semi-annual DSM report.

14 12. The Company will also report participation rates in its semi-annual demand-side
15 management reports, on an on going basis. Staff reviews these reports to monitor participation and
16 to ensure programs are otherwise performing as anticipated.

17 13. Staff has recommended that the Commission approve continuation of the on-line
18 energy audit component. The increase in public awareness brought about by additional marketing
19 has translated into a much higher level of participation by residential customers. Participation by
20 commercial customers, a customer segment normally difficult to reach with DSM programs, has
21 also shown improvement. Staff has recommended that the Company continue to work toward
22 increased participation by both residential and commercial customers.

23 CONCLUSIONS OF LAW

24 1. UNS Electric is an Arizona public service corporation within the meaning of Article
25 XV, Section 2, of the Arizona Constitution.

26 2. The Commission has jurisdiction over UNS Electric and over the subject matter of
27 the application.

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IT IS FURTHER ORDERED that UNS Electric, Inc. continue to work toward increased participation by both residential and commercial customers.

IT IS FURTHER ORDERED that this Decision shall become effective immediately.

BY THE ORDER OF THE ARIZONA CORPORATION COMMISSION

CHAIRMAN

COMMISSIONER

COMMISSIONER

COMMISSIONER

COMMISSIONER

IN WITNESS WHEREOF, I, ERNEST G. JOHNSON, Executive Director of the Arizona Corporation Commission, have hereunto, set my hand and caused the official seal of this Commission to be affixed at the Capitol, in the City of Phoenix, this _____ day of _____, 2009.

ERNEST G. JOHNSON
EXECUTIVE DIRECTOR

DISSENT: _____

DISSENT: _____

SMO:JMK:lm\KOT

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