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February 26, 2010

Arizona Corporation Commission  
**DOCKETED**

**FEB 26 2010**

Steven Olea  
Director, Utilities Division  
Arizona Corporation Commission  
1200 West Washington Street  
Phoenix, Arizona 85007

DOCKETED BY *MM*

Re: Docket Nos. G-04204A-06-0463, G-04204A-06-0013 and  
G-04204A-05-0831, ACC Decision No. 70011 (November 27, 2007)

Mr. Olea,

Pursuant to ACC Decision No. 70011 UNS Gas, Inc. ("UNS Gas") is required to submit semi-annual Demand-Side Management ("DSM") program progress reports on March 1<sup>st</sup> and September 1<sup>st</sup> of each year in accordance with Commission Staff's recommendations. Enclosed please find UNS Gas' Semi-Annual DSM Program Progress Report for the reporting period of July 1, 2009 through December 31, 2009. The marketing materials for the reported DSM programs are being filed directly with Commission Staff on the attached CD.

Also enclosed is an additional copy that the Company requests you date-stamp and return in the self-addressed, stamped envelope for our files.

If you have any questions, please contact me at (520) 884-3680.

Sincerely,

*Jessica Bryne*

Jessica Bryne  
Regulatory Services

Enclosures: Report and CD

cc: Docket Control, ACC (w/o CD)  
Julie McNeely-Kirwan, ACC (with CD)  
Compliance, ACC (w/o CD)  
Shannon Kanlan, ACC (w/o CD)

# **UNS Gas, Inc.**

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## **Semi-Annual Demand-Side Management Programs Progress Report**

**July through December 2009**

# UNS GAS, INC.

## SEMI-ANNUAL DSM PROGRESS REPORT FOR THE PERIOD: July through December 2009

This progress report includes the following information for all UNS Gas, Inc. ("UNS Gas") Demand-Side Management ("DSM") Programs that were in place from July through December 2009 including programs for residential, non-residential, and low-income customers:

- Brief description of the program;
- Program modifications;
- Program goals, objectives, and savings targets;
- Programs terminated;
- Levels of participation;
- Description of evaluation and monitoring activities and results;
- kW, kWh, and therm savings;
- Problems encountered and proposed solutions;
- Costs incurred during the reporting period disaggregated by type of cost, such as administrative costs, rebates, and monitoring;
- Findings from all research projects; and
- Other significant information.

A summary detailing DSM program expenses are provided in Tables 1 and 2. Program energy savings are provided in Tables 3 and 4. Societal Benefits are provided in Table 5. Lifetime Environmental Savings are provided in Table 6. Program savings and expenses since program inceptions are provided in Table 7.

# UNS GAS, INC.

SEMI-ANNUAL DSM PROGRESS REPORT FOR THE PERIOD:  
July through December 2009

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# UNS GAS, INC.

## SEMI-ANNUAL DSM PROGRESS REPORT FOR THE PERIOD: July through December 2009

**Table 1**

### DSM PROGRAM EXPENSES: JULY – DECEMBER 2009

DSM Program	Rebates & Incentives	Training & Technical Assistance	Consumer Education	Program Implementation	Program Marketing	Planning & Admin	Program Total Cost
<b>Residential Programs</b>							
Low-Income Weatherization	\$ 71,392	\$ 626	\$ -	\$ 2,004	\$ -	\$ 5,569	\$ 79,590
Energy Smart Homes	\$ 400	\$ 36	\$ 241	\$ 83,602	\$ 8,344	\$ 5,137	\$ 97,760
Efficient Home Heating	\$ 45,800	\$ 346	\$ 1,514	\$ 26,186	\$ 17,653	\$ 3,775	\$ 95,273
<b>Total for Residential Programs</b>	<b>\$ 117,592</b>	<b>\$ 1,008</b>	<b>\$ 1,755</b>	<b>\$ 111,791</b>	<b>\$ 25,997</b>	<b>\$ 14,480</b>	<b>\$ 272,623</b>
<b>Commercial Programs</b>							
C&I Facilities Gas Efficiency	\$ 47,725	\$ -	\$ 89	\$ 17,875	\$ -	\$ 15,932	\$ 81,620
<b>Total for Commercial Programs</b>	<b>\$ 47,725</b>	<b>\$ -</b>	<b>\$ 89</b>	<b>\$ 17,875</b>	<b>\$ -</b>	<b>\$ 15,932</b>	<b>\$ 81,620</b>
<b>Segment Totals</b>	<b>\$ 165,317</b>	<b>\$ 1,008</b>	<b>\$ 1,844</b>	<b>\$ 129,667</b>	<b>\$ 25,997</b>	<b>\$ 30,412</b>	<b>\$ 354,244</b>

<b>Program Costs</b>	<b>\$ 354,244</b>
Measurement, Evaluation & Research (MER)	\$ 94,148
Baseline Study	\$ 5,107
<b>TOTAL</b>	<b>\$ 453,499</b>

**Table 2**

### DSM PROGRAM EXPENSES: JANUARY – DECEMBER 2009

DSM Program	Rebates & Incentives	Training & Technical Assistance	Consumer Education	Program Implementation	Program Marketing	Planning & Admin	Program Total Cost
<b>Residential Programs</b>							
Low-Income Weatherization	\$ 120,261	\$ 3,809	\$ -	\$ 6,098	\$ -	\$ 8,208	\$ 138,377
Energy Smart Homes	\$ 3,600	\$ 798	\$ 866	\$ 144,071	\$ 18,729	\$ 8,188	\$ 176,252
Efficient Home Heating	\$ 78,850	\$ 2,251	\$ 4,528	\$ 38,941	\$ 21,314	\$ 5,535	\$ 151,418
<b>Total for Residential Programs</b>	<b>\$ 202,711</b>	<b>\$ 6,858</b>	<b>\$ 5,394</b>	<b>\$ 189,110</b>	<b>\$ 40,043</b>	<b>\$ 21,931</b>	<b>\$ 466,047</b>
<b>Commercial Programs</b>							
C&I Facilities Gas Efficiency	\$ 47,725	\$ -	\$ 714	\$ 33,122	\$ -	\$ 18,850	\$ 100,411
<b>Total for Commercial Programs</b>	<b>\$ 47,725</b>	<b>\$ -</b>	<b>\$ 714</b>	<b>\$ 33,122</b>	<b>\$ -</b>	<b>\$ 18,850</b>	<b>\$ 100,411</b>
<b>Segment Totals</b>	<b>\$ 250,436</b>	<b>\$ 6,858</b>	<b>\$ 6,107</b>	<b>\$ 222,232</b>	<b>\$ 40,043</b>	<b>\$ 40,781</b>	<b>\$ 566,457</b>

<b>Program Costs</b>	<b>\$ 566,457</b>
Measurement, Evaluation & Research (MER)	\$ 130,128
Baseline Study	\$ 5,107
<b>TOTAL</b>	<b>\$ 701,692</b>

#### Definitions

**Rebates & Incentives** – Includes dollars that go toward customer rebates and incentives and installation of low-income weatherization.

**Training and Technical Assistance** – Includes all dollars used for energy efficiency training and technical assistance.

**Consumer Education** – Includes dollars used to support general consumer education about energy efficient improvements.

**Program Implementation** – Program delivery costs associated with implementing programs including implementation contractor labor and overhead costs, as well as other direct program delivery costs.

# UNS GAS, INC.

## SEMI-ANNUAL DSM PROGRESS REPORT FOR THE PERIOD: July through December 2009

**Program Marketing** – Includes all expenses related to marketing programs and increasing DSM consumer awareness (direct program marketing costs as opposed to general consumer education).

**Planning and Administration** – Costs to plan, develop and administer programs including management of program budgets, oversight of the RFP process and implementation contractors, program development, program coordination, and general overhead expenses.

**Measurement, Evaluation, and Research (“MER”)** – These activities identify current baseline efficiency levels and the market potential of DSM measures, perform process evaluations, verify that energy efficient measures are installed, track savings, and identify additional energy efficiency research. Costs include the development of a database to track participation and savings.

# UNS GAS, INC.

## SEMI-ANNUAL DSM PROGRESS REPORT FOR THE PERIOD: July through December 2009

**Table 3**

### DSM ENERGY SAVINGS: JULY – DECEMBER 2009

DSM Program	Capacity Savings MW	Annual MWh Savings	Annual Therm Savings	Lifetime MWh Savings	Lifetime Therm Savings
Low-Income Weatherization	0.00	2.6	3,211	53	64,223
Energy Smart Homes	0.00	1.1	432	5	3,870
Efficient Home Heating	0.00	0.0	29,480	0	442,194
C&I Facilities Gas Efficiency	0.00	0.0	22,183	0	332,742
<b>Program Totals</b>	<b>0.00</b>	<b>3.7</b>	<b>55,305</b>	<b>58</b>	<b>843,029</b>

**Table 4**

### DSM ENERGY SAVINGS: JANUARY – DECEMBER 2009

DSM Program	Capacity Savings MW	Annual MWh Savings	Annual Therm Savings	Lifetime MWh Savings	Lifetime Therm Savings
Low-Income Weatherization	0.00	4.5	5,452	89	109,043
Energy Smart Homes	0.01	4.6	4,274	69	73,026
Efficient Home Heating	0.00	0.0	50,103	0	751,542
C&I Facilities Gas Efficiency	0.00	0.0	22,183	0	332,742
<b>Program Totals</b>	<b>0.01</b>	<b>9.1</b>	<b>82,011</b>	<b>158</b>	<b>1,266,353</b>

**Table 5**

### DSM SOCIETAL BENEFITS: JANUARY – DECEMBER 2009

DSM Program	Societal Benefits	Societal Costs	Net Benefits
Low-Income Weatherization	\$ 138,377	\$ 138,377	\$ -
Energy Smart Homes	\$ 21,610	\$ 181,980	\$ (160,370)
Efficient Home Heating	\$ 354,368	\$ 167,683	\$ 186,685
C&I Facilities Gas Efficiency	\$ 152,773	\$ 83,773	\$ 69,001
<b>Program Totals</b>	<b>\$ 667,128</b>	<b>\$ 571,812</b>	<b>\$ 95,316</b>

*\*Consistent with ACC Staff's analysis in ACC Decision No. 70180 (February 27, 2008), the societal benefits for low-income weatherization are equal to or greater than the societal costs when taking the environmental benefits into account.*

**Table 6**

### DSM LIFETIME ENVIRONMENTAL SAVINGS: JANUARY – DECEMBER 2009

DSM Program	Lifetime SO <sub>x</sub> Reduction (lbs)	Lifetime NO <sub>x</sub> Reduction (lbs)	Lifetime CO <sub>2</sub> Reduction (lbs)	Lifetime Water Reduction (gallons)
Low-Income Weatherization	71	225	1,368,600	20,807
Energy Smart Homes	54	174	924,908	16,059
Efficient Home Heating	0	0	8,868,191	0
C&I Facilities Gas Efficiency	0	0	3,926,356	0
<b>Program Totals</b>	<b>125</b>	<b>399</b>	<b>15,088,055</b>	<b>36,866</b>

# UNS GAS, INC.

## SEMI-ANNUAL DSM PROGRAM PROGRESS REPORT FOR THE PERIOD: July through December 2009

**Table 7**  
**DSM SAVINGS & EXPENSES SINCE PROGRAM INCEPTION: JANUARY 2007 – DECEMBER 2009**

PROGRAM	Start Date	Program Participants		Program Expenses		MWh Savings			Therm Savings		
		Jan - Dec	Program Inception to Date	Jan - Dec	Program Inception to Date	Jan - Dec	Total Annual <sup>a</sup>	Program Inception to Date <sup>b</sup>	Jan - Dec	Total Annual <sup>a</sup>	Program Inception to Date <sup>b</sup>
Low-Income Weatherization	2007	81	207	\$ 138,377	\$ 304,657	4.5	22.5	56.1	5,452	30,271	76,269
Energy Smart Homes	2008	9	9	\$ 176,252	\$ 269,270	4.6	4.6	4.6	4,274	4,274	4,274
Efficient Home Heating	2008	271	387	\$ 151,418	\$ 237,775	NA	NA	NA	50,103	70,546	90,989
C&I Facilities Gas Efficiency	2008	7	12	\$ 100,411	\$ 151,572	NA	NA	NA	22,183	23,226	24,269
Measurement, Evaluation & Research (MER) - all programs	NA	NA	NA	\$ 130,128	\$ 220,187	NA	NA	NA	NA	NA	NA
Baseline Study	2009	NA	NA	\$ 5,107	\$ 5,107	NA	NA	NA	NA	NA	NA
<b>TOTAL</b>		<b>368</b>	<b>615</b>	<b>\$ 701,692</b>	<b>\$ 1,188,569</b>	<b>9.1</b>	<b>27.1</b>	<b>60.7</b>	<b>82,011</b>	<b>128,316</b>	<b>195,800</b>

a. Total savings for current year for all energy efficiency measures installed since program inception.

b. Total savings for all years for all energy efficiency measures installed since program inception.

# UNS GAS, INC.

## SEMI-ANNUAL DSM PROGRESS REPORT FOR THE PERIOD: July through December 2009

### UNS GAS LOW-INCOME WEATHERIZATION PROGRAM

#### Description

The UNS Gas Low-Income Weatherization ("LIW") Program is designed to improve the energy efficiency of homes for customers whose income falls within the defined federal poverty guidelines. Steps taken in this program will reduce gas and electric bills for eligible customers, improve comfort, and improve their quality of life. Energy savings realized from this program will allow low-income customers to utilize the limited income they receive for other necessary items such as rent, food, or medical expenses.

#### Program Modifications

There were no program modifications this reporting period.

#### Program Goals and Objectives

- Increase the number of homes weatherized each year;
- Lower the average household utility bills of low-income customers by utilizing energy conservation measures in the weatherization process; and
- Improve the quality of life for the customers by providing them with a safe and healthy home.

#### Level of Participation

A total of 54 households received weatherization assistance during this reporting period. UNS Gas weatherized 29 more homes in calendar year 2009 than in 2008.

#### Evaluation and Monitoring Activities and Results

No evaluation or monitoring is available for this reporting period. At this time, the Arizona Energy Office ("AEO") does not have sufficient historical energy usage on UNS Gas customers participating in the Program. AEO requires a minimum of two years billing data with a preference of four years data for each customer. The AEO is currently receiving billing data from UNS Gas for the homes weatherized and is working on evaluation for future reports.

#### kW, kWh, and therm Savings

The *estimated* savings for this reporting period are listed below:<sup>1</sup>

No. of Homes	kW savings	kWh savings	Therm savings
54	0.0	2,629	3,211

#### Problems Encountered and Proposed Solutions

The client poverty level guideline difference between UNS Gas and other funding sources has caused some additional accounting work for the agencies in 2009. Most funding sources have increased their qualification for a client to receive weatherization services to a maximum household income of 200% of federal poverty level while UNS Gas remains at 150%.

<sup>1</sup> Savings are estimated for UNS Gas customers by using the Savings to Investment Ratio provided in the January 2010 AEO report. Once sufficient local records are available the AEO will provide analysis on actual energy savings for UNS Gas customers. The AEO estimates little to no kW savings for UNS Gas Low-Income Weatherization participants.

# UNS GAS, INC.

## SEMI-ANNUAL DSM PROGRESS REPORT FOR THE PERIOD: July through December 2009

The agencies have on occasion improperly requested funds from UNS Gas for weatherized homes that exceed the maximum household income and have been required to re-invoice UNS Gas and reallocate funding for those clients who exceed the UNS Gas guideline to other funding sources. To help streamline this process UNS Gas is considering seeking Arizona Corporation Commission (“ACC” or “Commission”) approval to raise the eligibility standard to 200% of federal poverty level. This will not only reduce time spent by both UNS Gas and the agencies correcting improper invoices, but will also increase the number of homes receiving weatherization assistance.

### Costs Incurred

Costs incurred for this program during the reporting period are listed below:

DSM Program	Rebates & Incentives*	Training & Technical Assistance	Consumer Education	Program Implementation	Program Marketing	Planning & Admin	Program Total Cost
Low-Income Weatherization	\$ 71,392	\$ 626	\$ -	\$ 2,004	\$ -	\$ 5,569	\$ 79,590

\*Includes \$2,722 for health and safety related repairs

### Findings from All Research Projects

No research projects were performed during this reporting period.

### Other Significant Information

UNS Gas has increased funding by 3% for all agencies in 2009. The agencies have made significant progress ramping up their workforce and the increase in the number of weatherized homes reflects their success. The three major agencies (Northern Arizona Council of Governments, Western Arizona Council of Governments (“WACOG”) and Southeastern Arizona Community Action Program) requested and received additional funding to meet the increased number of homes weatherized. Additionally, Coconino County Community Services utilized their entire budget and increased the number of clients served from three in 2008 to 11 in 2009.

As reported mid-year, WACOG, with full approval from UNS Gas and the AEO, weatherized homes at two multi-family projects. Multi-family projects allow the agencies to maximize their funding since travel time and labor costs are reduced along with a decrease in material costs due to bulk bidding. UNS Gas supports the efforts of the agencies to increase the number of multi-family projects

# UNS GAS, INC.

## SEMI-ANNUAL DSM PROGRESS REPORT FOR THE PERIOD: July through December 2009

### UNS GAS ENERGY SMART HOMES PROGRAM

#### Description

The Residential New Construction Program for UNS Gas is marketed under the name of Energy Smart Homes ("ESH"). The UNS Gas ESH Program emphasizes the whole-house approach to improving health, safety, comfort, durability, and energy efficiency. The program promotes homes that meet the Environmental Protection Agency/Department of Energy ENERGY STAR® Home performance requirements. To encourage participation, the program provides incentives to homebuilders for each qualifying home. Required on-site inspections and field testing of a random sample of homes to meet ENERGY STAR® Home performance requirements are conducted by third-party RESNET® certified energy raters selected by each builder. Components of ESH include development of branding, builder training curriculum, and marketing collateral.

#### Program Modifications

No modifications were made during this reporting period.

#### Program Goals, Objectives, and Savings Targets

- Work with local builders to construct energy efficient homes;
- Train builder construction staff and subcontractors in advanced building science concepts to increase energy efficiency through improved design and installation practices;
- Transform the market and improve construction practices in the UNS Gas service territory;
- Reduce peak demand and overall energy consumption in new homes;
- Stimulate construction of new homes that are inspected and tested to assure energy performance;
- Assist builder sales agents with promoting and selling energy-efficient homes;
- Increase homebuyer awareness and understanding of energy-efficient building practices and the benefits of purchasing an energy efficient home; and
- Achieve an annual participation of between 9% and 11% of new home units.

#### Levels of Participation

There are twelve home builders signed up with the program. It is anticipated the current custom home builders will continue to build additional homes, although at a slow pace. The program completed one home during this reporting period.

#### Evaluation and Monitoring Activities and Results

No evaluation or monitoring is available for this reporting period. Summit Blue has been selected as the MER contractor for the UNS Gas DSM programs (excluding LIW) and is in the process of implementing a MER plan. Final MER results are expected in 2010.

#### kW, kWh, and Therm Savings

No. of Homes	kW savings	kWh savings	Therm savings
1	1.4	1,055	432

# UNS GAS, INC.

## SEMI-ANNUAL DSM PROGRESS REPORT FOR THE PERIOD: July through December 2009

### Problems Encountered and Proposed Solutions

The UNS Gas service territory has experienced a significant decrease in new home sales, consistent with decreases in the national real estate market. The slump in the new housing sales seems especially acute in smaller towns in Arizona where employment is a primary driver of real estate purchases. Some economic indicators are showing improvement, but unemployment remains a strong barrier to economic recovery. This reduces the number of homes available to be built to increased energy efficiency standards. The foreclosure market of existing, nearly new homes competes in price against newly constructed homes. Program staff is continuing to use this downturn in the market to give builders, contractors, and developers a way to distinguish themselves in the marketplace, with a higher quality, lower operational cost product.

Production in the gas territory continues to be challenging due to limited real estate markets and existing builder participation with Arizona Public Service's ("APS") ENERGY STAR® program. Program staff is excited that the proposed partnership program is now under review with the Commission. UNS Gas, APS, and local builders are very receptive to the idea of the partner program. UNS Gas program staff is looking forward to implementing this option as quickly as possible in 2010.

### Marketing Collateral

New marketing collateral has been produced. The collateral includes program features boards for new model homes, and a tri-fold marketing brochure. A list of new or revised marketing materials is shown in Appendix 1. Please see the attached CD for copies of the marketing materials used for this program.

### Costs Incurred

Costs incurred for this program during the reporting period are listed below:

DSM Program	Rebates & Incentives	Training & Technical Assistance	Consumer Education	Program Implementation	Program Marketing	Planning & Admin	Program Total Cost
Energy Smart Homes	\$ 400	\$ 36	\$ 241	\$ 83,602	\$ 8,344	\$ 5,137	\$ 97,760

### Findings from All Research Projects

No research projects were undertaken during this reporting period.

### Other Significant Information

UNS Gas is considering additional energy efficiency tiers to encourage more program participation. Some builders in the market are already building homes that meet or exceed ENERGY STAR® standards. These builders are seeking to further distinguish themselves in the green building market.

# UNS GAS, INC.

## SEMI-ANNUAL DSM PROGRESS REPORT FOR THE PERIOD: July through December 2009

### UNS GAS EFFICIENT HOME HEATING PROGRAM

#### Description

The Efficient Home Heating ("EHH") Program promotes the purchase and installation of ENERGY STAR® qualified, high-efficiency, gas-fueled furnaces that meet or exceed the minimum ENERGY STAR® standard of 90% Annual Fuel Utilization Efficiency. Incentives for the purchase of qualifying high-efficiency equipment are paid directly to homeowners.

#### Program Modifications

No program modifications were made during this reporting period. In September UNS Gas submitted a greatly expanded program re-design for Commission approval.

#### Program Goals and Objectives

- Promote the installation of high-efficiency gas-fueled furnaces;
- Reduce customer energy bills, provide equal or better comfort conditions, conserve energy and benefit the environment; and
- Achieve target participation of 700 + furnaces installed per year.

#### Level of Participation

155 furnaces were installed during this reporting period at an average incremental cost of \$451.

#### Evaluation and Monitoring Activities and Results

No evaluation or monitoring is available for this reporting period. Summit Blue has been selected as the MER contractor for the UNS Gas DSM programs (excluding LIW) and is in the process of implementing a MER plan. Final MER results are expected in 2010.

#### kW, kWh, and therm Savings

No. of Furnaces Installed	kW savings	kWh savings	Therm savings
155	NA	NA	29,480

#### Problems Encountered and Proposed Solutions

No problems were encountered during this reporting period.

#### Costs Incurred

Costs incurred for this program during the reporting period are listed below:

DSM Program	Rebates & Incentives	Training & Technical Assistance	Consumer Education	Program Implementation	Program Marketing*	Planning & Admin	Program Total Cost
Efficient Home Heating	\$ 45,800	\$ 346	\$ 1,514	\$ 26,186	\$ 17,653	\$ 3,775	\$ 95,273

\*Includes \$5,075 in contractor rebates

# UNS GAS, INC.

## SEMI-ANNUAL DSM PROGRESS REPORT FOR THE PERIOD: July through December 2009

### **Other Significant Information**

Marketing efforts for 2009 began in November 2008 and consisted of bill inserts and print advertisements, in an effort to encourage participation during the heating season.

Heating, Ventilating and Air Conditioning ("HVAC") Contractors continue to be actively recruited for participation in the program. To date 96 contractors throughout the UNS Gas service territory have signed agreements to participate in the program.

UNS Gas participated in several community events to promote energy conservation and the EHH Program. The events attended by UNS Gas include:

- Mohave County Fair in September; and
- Prescott Creative Energy Fair in September.

These events were attended by several thousand potential program participants and HVAC Contractors. As a result of UNS Gas participation, several additional HVAC Contractors signed up to be participating contractors in the EHH Program.

UNS Gas representatives also promoted the program through speaking engagements and appearances utilizing the following venues:

- Lower Colorado River Resource Conservation & Development Workshop in Bullhead City; and
- Mohave County Board of Supervisors December meeting.

A list of new or revised marketing materials for this program is shown in Appendix 1. Please see the attached CD for copies of the marketing materials used for this program.

# UNS GAS, INC.

## SEMI-ANNUAL DSM PROGRESS REPORT FOR THE PERIOD: July through December 2009

### UNS GAS C&I FACILITIES GAS EFFICIENCY PROGRAM

#### Description

The C&I Facilities Gas Efficiency Program is designed to promote the installation of high-efficiency, gas-fueled equipment and systems at existing commercial and industrial facilities within the UNS Gas service area.

#### Program Modifications

No modifications were made to the program during this reporting period. In September UNS Gas submitted a greatly expanded program re-design for Commission approval.

#### Program Goals and Objectives

- Help commercial and industrial customers reduce and manage their energy costs;
- Reduce greenhouse gas emissions; and
- Lower overall rates and energy costs compared to other resource options.

#### Level of Participation

Seven applications were received during this reporting period. UNS Gas paid rebates totaling \$47,725 to seven participants.

#### Evaluation and Monitoring Activities and Results

No evaluation or monitoring is available for this reporting period. Summit Blue has been selected as the MER contractor for the UNS Gas DSM programs (excluding LIW) and is in the process of implementing a MER plan. Final MER results are expected in 2010.

#### kW, kWh, and therm Savings

Measure	No. installed	Therm savings	Incremental Cost
Boiler	11	17,521	\$ 3,022
Furnace	11	3,475	\$ 415
Water Heater	6	1,187	\$ 310
<b>Totals</b>	<b>28</b>	<b>22,183</b>	

#### Problems Encountered and Proposed Solutions

Lack of program participation continues to be a concern. Some reasons for this lack of participation are:

- The current recession is forcing businesses to reduce spending when possible, so there is little demand from businesses for energy efficient gas-fired equipment due to increased incremental costs;
- Suppliers typically don't carry inventory of energy efficient gas-fired equipment due to lack of demand. When a product is needed, it is usually needed immediately and businesses cannot typically wait for high efficiency equipment to be ordered;
- Packaged cooling and heating HVAC units are commonly sold, but do not qualify for program rebates because the furnace ratings are not AFUE level 90 or above. No manufacturer makes package HVAC units that qualify for the furnace rebates; and

# UNS GAS, INC.

## SEMI-ANNUAL DSM PROGRESS REPORT FOR THE PERIOD: July through December 2009

- Efficient commercial grade gas-fired water heaters require different technology including enhanced burner design, electronic ignition, and flue dampers and are substantially more expensive than smaller residential style water heaters. These high efficiency water heaters are not currently in great demand.

UNS Gas is exploring the following initiatives to increase participation:

- Increase program incentives to pay for a greater cost for high efficiency equipment;
- Include more products in the mix of energy measures available for receiving incentives; and
- Dedicating a UNS Gas representative to promote all DSM programs within the service area.

### Costs Incurred

Costs incurred for this program during the reporting period are listed below:

DSM Program	Rebates & Incentives	Training & Technical Assistance	Consumer Education	Program Implementation	Program Marketing	Planning & Admin	Program Total Cost
C&I Facilities Gas Efficiency	\$ 47,725	\$ -	\$ 89	\$ 17,875	\$ -	\$ 15,932	\$ 81,620

### Other Significant Information

UNS Gas has expended a tremendous amount of effort to promote the program to UNS Gas employees, retailers, wholesalers, distributors, public officials and end users. Given the limited budget and the vastness of the service area, the marketing emphasis so far has been placed on the sales and distribution channels of qualifying equipment. In addition promotion among UNS Gas employees was ongoing as these employees interface with customers on a daily basis. This promotion to employees was accomplished through frequent email blitzes and reminders at employee meetings throughout the last half of 2009.

In October, the company dedicated a person to promote DSM programs within the service area. This effort resulted in seven applications for C&I gas-fired equipment rebates during the last two months of this reporting period. This personal contact appears to help increase program participation and will continue.

Marketing efforts were increased this reporting period to try to create program participation and further understand the hurdles for participation. Contact has been maintained with HVAC equipment manufacturers, regional distributors, and local contractors. Program information was communicated and program contact information provided to each contractor. E-mails were sent to contractors during the reporting period to continue to remind them of the program.

Other efforts were made to partner with water heater wholesalers/distributors (Canyon Pipe & Supply and WinNelson) for on-site outreach opportunities. A listing for registered commercial contractors in the UNS Gas service area has also been developed.

# UNS GAS, INC.

SEMI-ANNUAL DSM PROGRESS REPORT FOR THE PERIOD:  
July through December 2009

## APPENDIX 1 – MARKETING MATERIALS

### Energy Smart Homes Program:

- Houses That Work email advertisement (Word document)
- UES Home Signs 8 (PDF)

### Efficient Home Heating Program:

- Bill insert – UNSG EHH insertv7FINAL (PDF)
- Print Ad – UES EHH ad v1 (PDF)
- Web – online marketing (Word document)