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# Tucson Electric Power Company

One South Church, Post Office Box 711  
Tucson, Arizona 85702

**ORIGINAL**

February 26, 2010

Arizona Corporation Commission  
**DOCKETED**

FEB 26 2010

DOCKETED BY 

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

Re: Docket Nos. E-01933A-07-0402 and E-01933A-05-0650, ACC Decision No. 70628  
(December 1, 2008)

Mr. Olea,

Pursuant to ACC Decision No. 70628 and Section 9.6 of the Tucson Electric Power Company Proposed Rate Settlement Agreement, dated May 29, 2008, Tucson Electric Power Company ("TEP") 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 TEP's 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  
Regulatory Services

Enclosures: Report and CD

cc: Docket Control, ACC (w/o CD)  
Barbara Keene, ACC (with CD)  
Compliance, ACC (w/o CD)  
Shannon Kanlan, ACC (w/o CD)

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# **Tucson Electric Power Company**

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

**July through December 2009**

# Tucson Electric Power Company

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

This progress report includes the following information for all Tucson Electric Power Company ("TEP") Demand-Side Management ("DSM") programs in place from July through December 2009, including programs for residential, non-residential, and low-income customers:

- A brief description of the program;
- Program modifications;
- Program goals, objectives, and savings targets;
- Programs terminated;
- The levels of participation;
- A 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 and the Performance Incentive calculation are provided in Table 5. Lifetime Environmental Savings are provided in Table 6. Program savings and costs since program inceptions are provided in Table 7.

# Tucson Electric Power Company

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

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# Tucson Electric Power Company

## SEMI-ANNUAL DSM PROGRAM 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	\$ 134,202	\$ 392	\$ -	\$ 7,606	\$ -	\$ 12,540	\$ 154,739
Guarantee Homes	\$ 184,056	\$ 6,411	\$ 2,658	\$ 324,192	\$ 216,196	\$ 16,737	\$ 750,249
Shade Trees	\$ 59,030	\$ -	\$ -	\$ 1,836	\$ -	\$ 10,450	\$ 71,316
ENERGY STAR® Lighting (CFL)	\$ 409,988	\$ -	\$ -	\$ 135,339	\$ -	\$ 11,756	\$ 557,083
Efficient Home Cooling	\$ 471,750	\$ -	\$ -	\$ 50,165	\$ 27,538	\$ 22,994	\$ 572,448
<b>Total for Residential Programs</b>	<b>\$ 1,259,025</b>	<b>\$ 6,802</b>	<b>\$ 2,658</b>	<b>\$ 519,138</b>	<b>\$ 243,734</b>	<b>\$ 74,477</b>	<b>\$ 2,105,835</b>
<b>Support Programs</b>							
Education & Outreach Programs	\$ -	\$ -	\$ 378,325	\$ 4,011	\$ -	\$ 11,234	\$ 393,570
<b>Total for Support Programs</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 378,325</b>	<b>\$ 4,011</b>	<b>\$ -</b>	<b>\$ 11,234</b>	<b>\$ 393,570</b>
<b>Commercial Programs</b>							
Non-Residential Existing Facilities	\$ 790,237	\$ -	\$ -	\$ 156,806	\$ 5,585	\$ 12,334	\$ 964,962
Small Business	\$ 662,792	\$ -	\$ 86	\$ 147,479	\$ 561	\$ 11,949	\$ 822,867
Efficient Commercial Building Design	\$ 8,513	\$ -	\$ -	\$ 79,200	\$ 780	\$ 11,495	\$ 99,988
<b>Total for Commercial Programs</b>	<b>\$ 1,461,542</b>	<b>\$ -</b>	<b>\$ 86</b>	<b>\$ 383,486</b>	<b>\$ 6,926</b>	<b>\$ 35,778</b>	<b>\$ 1,887,818</b>
<b>Segment Totals</b>	<b>\$ 2,720,567</b>	<b>\$ 6,802</b>	<b>\$ 381,069</b>	<b>\$ 906,635</b>	<b>\$ 250,660</b>	<b>\$ 121,489</b>	<b>\$ 4,387,223</b>

<b>Program Costs</b>	<b>\$ 4,387,223</b>
<b>Measurement, Evaluation &amp; Research (MER)</b>	<b>\$ 464,674</b>
<b>Baseline Study</b>	<b>\$ 19,997</b>
<b>TOTAL</b>	<b>\$ 4,871,893</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	\$ 172,599	\$ 10,890	\$ -	\$ 13,480	\$ 503	\$ 19,287	\$ 216,759
Guarantee Home	\$ 238,856	\$ 14,394	\$ 6,141	\$ 598,046	\$ 295,242	\$ 27,169	\$ 1,179,848
Shade Tree Program	\$ 140,000	\$ -	\$ 500	\$ 4,183	\$ -	\$ 17,042	\$ 161,725
ENERGY STAR® Lighting (CFL)	\$ 852,728	\$ 2,383	\$ 3,020	\$ 264,303	\$ 5,967	\$ 18,721	\$ 1,147,121
Efficient Home Cooling	\$ 599,000	\$ -	\$ 500	\$ 82,396	\$ 60,402	\$ 29,897	\$ 772,195
<b>Total for Residential Programs</b>	<b>\$ 2,003,183</b>	<b>\$ 27,667</b>	<b>\$ 10,161</b>	<b>\$ 962,408</b>	<b>\$ 362,113</b>	<b>\$ 112,117</b>	<b>\$ 3,477,648</b>
<b>Support Programs</b>							
Education & Outreach Programs	\$ -	\$ -	\$ 501,076	\$ 10,091	\$ -	\$ 17,826	\$ 528,993
<b>Total for Support Programs</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 501,076</b>	<b>\$ 10,091</b>	<b>\$ -</b>	<b>\$ 17,826</b>	<b>\$ 528,993</b>
<b>Commercial Programs</b>							
Non-Residential Existing Facilities	\$ 814,229	\$ 1,481	\$ -	\$ 242,857	\$ 6,445	\$ 19,387	\$ 1,084,401
Small Business	\$ 1,097,525	\$ 1,803	\$ 158	\$ 335,808	\$ 1,834	\$ 18,852	\$ 1,455,980
Efficient Commercial Building Design	\$ 18,513	\$ -	\$ -	\$ 116,020	\$ 888	\$ 18,087	\$ 153,507
<b>Total for Commercial Programs</b>	<b>\$ 1,930,267</b>	<b>\$ 3,285</b>	<b>\$ 158</b>	<b>\$ 694,685</b>	<b>\$ 9,167</b>	<b>\$ 56,327</b>	<b>\$ 2,693,888</b>
<b>Segment Totals</b>	<b>\$ 3,933,450</b>	<b>\$ 30,951</b>	<b>\$ 511,396</b>	<b>\$ 1,667,183</b>	<b>\$ 371,280</b>	<b>\$ 186,269</b>	<b>\$ 6,700,529</b>

<b>Program Costs</b>	<b>\$ 6,700,529</b>
<b>Measurement, Evaluation &amp; Research (MER)</b>	<b>\$ 666,857</b>
<b>Baseline Study</b>	<b>\$ 19,997</b>
<b>TOTAL</b>	<b>\$ 7,387,383</b>

# Tucson Electric Power Company

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

### Definitions

**Rebates & Incentives** – Includes dollars that go toward customer rebates and incentives as well as payments made to agencies for installation of low-income weatherization measures.

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

**Consumer Education** – Includes dollars that are used to support general consumer education about energy efficiency 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.

**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 contractor, 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.

**Performance Incentive** – Share (%) of DSM net economic benefits, capped at either 10% of net benefits or 10% of expenditures, whichever is less. The Performance Incentive was approved in ACC Decision No. 70628 (December 1, 2008).

**Baseline Study** – Expenditures for separate TEP Baseline Study approved in ACC Decision No. 71109 (June 5, 2009).

# Tucson Electric Power Company

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

**Table 3**

**DSM ENERGY SAVINGS: JULY – DECEMBER 2009**

Program	Capacity Savings MW	Annual MWh Savings	Annual Therm Savings	Lifetime MWh Savings	Lifetime Therm Savings
Low-Income Weatherization	0.00	11	5,560	334	111,196
Guarantee Home	0.51	553	8,733	9,953	157,194
Shade Tree Program	0.00	176	0	3,526	0
ENERGY STAR® Lighting (CFL)	3.57	22,643	0	212,708	0
Efficient Home Cooling	0.95	2,275	0	34,128	0
Non-Residential Existing Facilities	2.92	11,133	0	197,048	0
Small Business	1.29	5,633	0	91,581	0
Efficient Commercial Building Design	0.02	41	0	468	0
<b>Portfolio Totals</b>	<b>9.26</b>	<b>42,465</b>	<b>14,293</b>	<b>549,746</b>	<b>268,390</b>

**Table 4**

**DSM ENERGY SAVINGS: JANUARY – DECEMBER 2009**

Program	Capacity Savings MW	Annual MWh Savings	Annual Therm Savings	Lifetime MWh Savings	Lifetime Therm Savings
Low-Income Weatherization	0.00	15	7,460	456	149,196
Guarantee Home	1.05	1,384	9,225	24,916	166,050
Shade Tree Program	0.00	701	0	14,029	0
ENERGY STAR® Lighting (CFL)	6.83	40,408	0	378,832	0
Efficient Home Cooling	1.19	2,826	0	42,384	0
Non-Residential Existing Facilities	3.01	11,507	0	203,702	0
Small Business	2.08	8,854	0	147,063	0
Efficient Commercial Building Design	0.02	41	0	468	0
<b>Portfolio Totals</b>	<b>14.18</b>	<b>65,737</b>	<b>16,685</b>	<b>811,849</b>	<b>315,246</b>

# Tucson Electric Power Company

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

**Table 5**

### DSM SOCIETAL BENEFITS & PERFORMANCE INCENTIVE: JANUARY – DECEMBER 2009

DSM Program	Program Cost	Societal Benefits	Societal Costs	Net Benefits
<b>Residential</b>				
Low-Income Weatherization <sup>1</sup>	\$ 216,759	\$ 216,759	\$ 216,759	\$ -
Guarantee Home Program	\$ 1,179,848	\$ 1,975,772	\$ 1,676,506	\$ 299,267
Shade Tree Program	\$ 161,725	\$ 1,071,223	\$ 146,559	\$ 924,664
ENERGY STAR® Lighting (CFL)	\$ 1,147,121	\$ 10,634,506	\$ 2,506,706	\$ 8,127,799
Efficient Home Cooling	\$ 772,195	\$ 2,378,519	\$ 1,387,630	\$ 990,889
<b>Total for Residential</b>	<b>\$ 3,477,648</b>	<b>\$ 16,276,780</b>	<b>\$ 5,934,160</b>	<b>\$ 10,342,619</b>
<b>Non-Residential</b>				
Non-Residential Existing Facilities	\$ 1,084,401	\$ 6,240,624	\$ 354,150	\$ 5,886,473
Small Business	\$ 1,455,980	\$ 7,137,728	\$ 2,153,382	\$ 4,984,346
Efficient Commercial Building Design	\$ 153,507	\$ 38,000	\$ 157,125	\$ (119,125)
<b>Total for Non-Residential</b>	<b>\$ 2,693,888</b>	<b>\$ 13,416,352</b>	<b>\$ 2,664,657</b>	<b>\$ 10,751,695</b>
<b>Segment Totals</b>	<b>\$ 6,171,536</b>	<b>\$ 29,693,131</b>	<b>\$ 8,598,817</b>	<b>\$ 21,094,314</b>
Measurement, Evaluation & Research (MER)	\$ 666,857	\$ -	\$ 666,857	\$ (666,857)
Baseline Study	\$ 19,997	\$ -	\$ 19,997	\$ (19,997)
<b>TOTAL</b>	<b>\$ 6,858,390</b>	<b>\$ 29,693,131</b>	<b>\$ 9,285,670</b>	<b>\$ 20,407,461</b>
<b>Performance Incentive Calculation:</b>				
Total Spending <sup>2</sup> / Total Net Benefits	\$ 6,641,631			\$ 20,407,461
10% of Spending / Net Benefits	\$ 664,163			\$ 2,040,746
<b>Performance Incentive for 2009</b>	<b>\$ 664,163</b>			

1. Consistent with ACC Staff's analysis in ACC Decision No. 70456 (August 6, 2008), the societal benefits for low-income weatherization are equal to or greater than the societal costs when taking the environmental benefits into account.

2. Total spending does not include Low-Income Weatherization per ACC Decision No. 70628 (December 1, 2008), which approved the TEP Performance incentive calculation. The Performance Incentive allowed is capped at 10% of Net Benefits or 10% of total spending, whichever is less.

**Table 6**

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

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	1,089	1,809	2,630,680	227,793
Guarantee Home	59,548	98,915	47,882,800	12,457,800
Shade Tree Program	33,529	55,695	26,795,428	7,014,510
ENERGY STAR® Lighting (CFL)	905,408	1,503,963	723,568,971	189,415,961
Efficient Home Cooling	101,297	168,263	80,952,677	21,191,800
Non-Residential Existing Facilities	486,847	808,696	389,070,368	101,850,882
Small Business	351,481	583,841	280,890,944	73,531,661
Efficient Commercial Building Design	1,119	1,859	894,577	234,182
<b>Portfolio Totals</b>	<b>1,940,320</b>	<b>3,223,041</b>	<b>1,552,686,445</b>	<b>405,924,590</b>

# Tucson Electric Power Company

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

Table 7

### DSM SAVINGS & COSTS SINCE PROGRAM INCEPTION: JANUARY 1992 – DECEMBER 2009<sup>1</sup>

PROGRAM	Start Date	Program Participants/Units		Program Expenses		MW Savings		MWh Savings		Therm Savings		
		Jan - Dec	Program Inception to Date	Jan - Dec	Program Inception to Date	Jan - Dec	Total Annual <sup>a</sup>	Jan - Dec	Total Annual <sup>a</sup>	Jan - Dec	Total Annual <sup>a</sup>	
<b>Commercial</b>												
Lighting	1992	0	1,118	\$ -	\$ 5,619,523	0.00	7.09	0	31,177	1,111,684	N/A	N/A
Motors	1993	0	228	\$ -	\$ 188,275	0.00	0.05	0	417	12,282	N/A	N/A
HVAC	1994	0	625	\$ -	\$ 917,246	0.00	0.95	0	1,578	33,204	N/A	N/A
Energy Services	1995	0	11	\$ -	\$ 854,603	0.00	2.00	0	5,616	71,529	N/A	N/A
Non-Residential Existing Facilities	2008	56	57	\$ 1,084,401	\$ 1,186,482	3.01	3.03	11,507	11,604	11,701	N/A	N/A
Small Business	2008	142	142	\$ 1,455,980	\$ 1,547,089	2.08	2.08	8,854	8,854	8,854	N/A	N/A
Efficient Commercial Building Design	2008	2	2	\$ 153,507	\$ 187,463	0.02	0.02	41	0	0	N/A	N/A
<b>Residential</b>												
Good Cents	1994	0	1,462	\$ -	\$ 2,511,042	0.00	1.57	0	2,287	26,751	N/A	N/A
Eff. Allowance	1993	0	2,917	\$ -	\$ 3,825,566	0.00	3.32	0	3,421	86,879	N/A	N/A
Guarantee Home Program	1999	837	10,419	\$ 1,179,848	\$ 16,873,915	1.05	22.43	1,384	25,930	154,152	9,225	843,562
Shade Tree Program*	1992	3,963	65,640	\$ 161,725	\$ 2,087,175	0.00	0.00	701	7,016	28,827	N/A	N/A
ENERGY STAR® Lighting (CLE)**	2008	808,970	1,204,461	\$ 1,147,121	\$ 1,491,408	6.83	10.26	40,408	60,679	80,950	N/A	N/A
Efficient Home Cooling	2008	2,550	2,721	\$ 772,195	\$ 833,902	1.19	1.20	2,826	3,007	3,188	N/A	N/A
*No energy savings reported prior to 2005												
**MWh savings were previously reported incorrectly in 2008 and mid-year 2009 reports and are corrected throughout this report												
<b>Support Programs</b>												
Education & Outreach	1993	37,235	431,169	\$ 528,993	\$ 8,319,394	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Low-Income Weatherization**	1993	82	1,932	\$ 216,759	\$ 3,074,362	N/A	N/A	15	46	99	7460	44,652
**No energy savings reported prior to 2007.												
Measurement, Evaluation & Research (MER) - all programs	NA	NA	NA	\$ 666,857	\$ 1,004,635	NA	NA	NA	NA	NA	NA	NA
Baseline Study	2009	NA	NA	\$ 19,997	\$ 19,997	NA	NA	NA	NA	NA	NA	NA
<b>TOTAL</b>		<b>853,837</b>	<b>1,722,904</b>	<b>\$ 7,387,383</b>	<b>\$ 50,522,005</b>	<b>14</b>	<b>54</b>	<b>65,737</b>	<b>161,632</b>	<b>1,630,070</b>	<b>16,685</b>	<b>864,779</b>
												<b>4,225,152</b>

a. Accumulated savings for one year for all energy efficiency measures installed since program inception.  
b. Accumulated savings for all years for all energy efficiency measures installed since program inception.

<sup>1</sup> Historical DSM Program annual savings will decrease as the measure lifetimes expire. Programs with fully expired lifetimes will no longer be reported. Historical programs include Lighting, Motors, HVAC, and Energy Services for commercial participants, and Good Cents and Eff. Allowance for residential participants.

# Tucson Electric Power Company

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

### TEP LOW-INCOME WEATHERIZATION PROGRAM

#### Description

The Tucson Electric Power Company ("TEP") 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 have been no program modifications since TEP's last reporting period.

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

The objectives of the program are to:

- Increase the number of homes weatherized each year;
- Reduce average household utility bills by utilizing energy conservation measures in the Weatherization Assistance Program rules; and
- Improve the quality of life for the customers by providing them with a safe and healthy home.

#### Levels of Participation

A total of 62 households received weatherization assistance during this reporting period.

#### 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 TEP 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 TEP 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>2</sup>

No. of Homes	kW savings	kWh savings	Therm savings
62	0.0	11,120	5,560

#### Problems Encountered and Proposed Solutions

Pima County Community Services ("PCCS") and Tucson Urban League ("TUL") have been ramping up their workforce in anticipation of utilizing American Recovery and Renewable Act ("ARRA") funds but this has caused a temporary slowdown in their current weatherization activities. In addition TUL recently replaced their CEO and their weatherization director retired. They are using the services of an interim director at this time. The interim director has over 20 years of experience in construction and funding grants, and has been working closely with the AEO to streamline TUL's internal procedures.

<sup>2</sup> Savings are estimated for TEP 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 TEP customers. The AEO estimates little to no kW savings for TEP Low-Income Weatherization participants.

# Tucson Electric Power Company

## SEMI-ANNUAL DSM PROGRESS REPORT FOR THE PERIOD:

July through December 2009

TEP is confident that TUL will shortly resume full weatherization activities and provide services to more clients. During this transition the AEO continues to provide a dedicated representative to TUL to provide ongoing mentoring and educational assistance.

Finally, the client poverty level guideline difference between TEP 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 TEP remains at 150%. The agencies have on occasion improperly requested funds from TEP for weatherized homes that exceed the maximum household income and have been required to re-invoice TEP and reallocate funding for those clients who exceed the TEP guideline to other funding sources. To help streamline this process TEP 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 TEP and the agencies correcting improper invoices but will also increase the number of homes receiving weatherization assistance.

### Costs Incurred

Costs incurred for the 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	\$ 134,202	\$ 392	\$ -	\$ 7,606	\$ -	\$ 12,540	\$ 154,739

\*Includes \$65,874 for health and safety related repairs

For calendar year 2009 TEP allowed the agencies to spend ~ 20% of their projected budgets on health and safety related repairs. However, because the agencies did not utilize their entire budgets the health and safety spending exceeded 25% of the overall spending. TEP will work with the agencies in 2010 and beyond to ensure that health and safety spending remains within the 25% cap mandated in ACC Decision No. 70456 (August 6, 2008). All health and safety spending measures were approved by the AEO.

### Findings from All Research Projects

No research projects were performed during this reporting period.

### Other Significant Information

TEP increased funding by 3% for all agencies in 2009. While the Tucson based agencies have been ramping up their workforce, they were not able utilize their entire budget in 2009. However, they did increase the number of homes weatherized in 2009 compared to 2008. TUL has started using an outside contractor along with their internal crews and have also been working on a multi-family project. They are strongly exploring other multi-family opportunities as well.

PCCS has been focusing on hiring additional contractors along with another housing rehabilitation specialist and a Davis-Bacon specialist. PCCS has hired additional employees and are awaiting Board of Supervisors approval of new contractor agreements. This will increase their number of contractors to five. PCCS has no shortage of clients so TEP is confident these additions will increase the number of weatherized homes completed by PCCS in 2010.

# Tucson Electric Power Company

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

### TEP GUARANTEE HOME PROGRAM

#### Description

The Residential New Construction Program for TEP is marketed under the name Guarantee Home Program. It is a utility sponsored, energy efficient new home construction program based on a foundation of integrated building science. The Guarantee Home Program emphasizes the whole-house approach to improving health, safety, comfort, durability, and energy efficiency. The Program includes on-site inspections and field testing of homes to verify that homes actually perform the way they were designed. Program standards are designed to focus solely on best case practice. Components of the Guarantee Home Program include development of energy efficient construction standards, branding, builder training curriculum, and marketing collateral.

#### Program Modifications

There have been no program modifications during this reporting period.

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

The objectives of the program are to:

- Reduce peak demand and overall energy consumption in new homes;
- Increase new home energy efficiency standards to Guarantee Home Program standards in a minimum of 50% of new homes constructed in the TEP service territory;
- Retain existing builder participation and encourage the participation of new builders;
- 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;
- Train builder construction staff and subcontractors in advanced building science concepts to increase energy efficiency through improved design and installation practices; and
- Increase homebuyer awareness and understanding of energy efficient building practices and the benefits of purchasing an energy efficient home.

#### Levels of Participation

A total of 396 homes were completed to Guarantee Home Program standards during this reporting period. The total program homes completed in 2009 was 837. Builders signed contracts committing an additional 701 homes to the Program during this reporting period. The total program homes committed in 2009 was 2,213.

#### Evaluation and Monitoring Activities and Results

All Guarantee Home Program homes are inspected and tested to ensure standards are met. Billing data is monitored at each home's anniversary of completion. Customers are contacted when necessary to ensure their homes are performing as designed.

#### kW, kWh, and Therm Savings

No. of Homes	kW savings	kWh savings	Therm savings
396	505	552,961	8,733

# Tucson Electric Power Company

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

### Problems Encountered and Proposed Solutions

The Pima County housing market has continued to be very depressed during the second half of 2009. The number of housing permits in Tucson during 2008 was 3,019. The housing permits for 2009 fell to 2,020. Forecasts have predicted 1,800 new homes will be permitted in Pima County during 2010. This reduces the number of homes available to be built to increased energy efficiency standards.

New homes compete against foreclosed homes for buyers making the new home market very challenging. In some instances builders have lowered construction costs by removing content from the home to compete with the foreclosures. TEP seeks to help builders build and market energy efficient homes as a logical strategy to distinguish new construction. Homes with enhanced energy efficiency should be more desirable to potential home buyers and reward builders in the marketplace. Builders not participating in a utility sponsored energy efficiency program face increasing market pressure to build energy efficient homes to keep their product competitive.

### Costs Incurred

Costs incurred for the 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
Guarantee Home	\$ 184,056	\$ 6,411	\$ 2,658	\$ 324,192	\$ 216,196	\$ 16,737	\$ 750,249

### Findings from All Research Projects

There were no research projects during this time period.

### Other Significant Information

The Guarantee Home Program markets through a variety of channels including:

- Media outlets (TV, radio, print ads);
- The real estate community with emphasis on builder sales associates;
- The trades community (including HVAC, framing and insulation contractors, among others);
- Consumers and potential new home buyers (increasing consumer demand for energy efficient housing);
- Code officials;
- City housing groups; and
- Guarantee Home Program web page.

A list of new or revised marketing materials is shown in Appendix 2. Please see the attached CD for copies of the marketing materials used for this program.

# Tucson Electric Power Company

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

### **TEP EDUCATION AND OUTREACH PROGRAMS**

TEP currently offers education programs targeting both commercial and residential customers. TEP also offers an Academic Education Program.

### **RESIDENTIAL AND COMMERCIAL EDUCATION**

#### **Description**

The TEP residential and commercial education programs are designed to educate customers on energy use and assist them with energy savings suggestions. TEP's primary tool for Energy Savings suggestions is the online Energy Advisor which provides the customer with more than 140 energy savings recommendations or measures and can be personalized for weather and utility rates based on the customer's zip code. TEP promotes the Energy Advisor online audit through a variety of advertising promotions such as bill inserts, web advertising, and radio advertising. Also included in the Education and Outreach Program is educational information on TEP's PowerShift™ Time-of-Use ("TOU") rates.

#### **Program Modifications**

There have been no program modifications during this reporting period. TEP continues to market existing Customer and Academic Education programs which include the Energy Advisor and TOU awareness using the venues listed below:

- Bill inserts and messages;
- Brochures;
- Paid web advertising;
- In-house advertising on tep.com;
- Media Q&A, newspaper and radio ads;
- Tradeshow/Community events and premium giveaways; and
- Call Center training.

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

The Program is designed to educate commercial and residential customers on ways to save energy through conservation measures or utilizing TOU rates.

#### **Levels of Participation**

##### **Energy Advisor**

For this reporting period, 5,569 residential customers and 663 commercial customers accessed the online Energy Advisor, with 2,621 residential customers and 63 commercial customers completing an online energy audit. For calendar year 2009 11,187 residential customers and 1,155 commercial customers accessed the online Energy Advisor, with 6,447 residential customers and 133 commercial customers completing an online energy audit. TEP continued to advertise the Energy Advisor throughout most of the summer months along with other programs within our Bright Solutions Family Campaign. We anticipated a drop in participants accessing the Energy Advisor when our advertising was reduced towards the end of the year and with cooler seasonal temperatures.

# Tucson Electric Power Company

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

### PowerShift™ TOU Customer Participation

117 on Rate 70NB  
398 on Rate 70NC  
275 on Rate 70ND  
39 on Rate 201BN  
8 on Rate 201CN

### Other Residential TOU Customer Participation

2,578 on Rate 21 (frozen)  
4,826 on Rate 70 (frozen)  
608 on Rate 201B (frozen)  
204 on Rate 201C (frozen)

### **Problems Encountered and Proposed Solutions**

No problems were encountered during this reporting period.

### ACADEMIC EDUCATION

#### **Description**

TEP offers school education programs that cover a variety of topics related to energy, natural resource conservation, and environmental awareness. These programs are currently targeted to students in grades K-8. In addition to making available age-appropriate class sets of booklets (with teachers' guides) about electricity, energy efficiency, and conservation to schools, TEP's Academic Education Program features three programs: the *Insulation Station*, *Energy Patrol*, and *Electri-City Exhibit*.

The *Insulation Station* (a program for 4<sup>th</sup> graders) was approved by the Commission in March 1993. The *Insulation Station* is a hands-on learning kit containing ready-to-assemble model houses and the necessary supplies to conduct science and math activities on insulation and home energy efficiency. Materials provided are model home kits and student workbooks containing charts, graphs, activities, and a home energy audit. TEP requires 4<sup>th</sup> grade teachers to attend a training session prior to receiving materials.

The *Energy Patrol* is an AEO-sponsored program for elementary school teachers and students approved by the ACC in March 1993. Students monitor classrooms to ensure that lights, computers, and water faucets are turned off when rooms are vacant. The program is designed to help schools reduce energy costs and to teach students and their families how to conserve energy.

The *Electri-City Exhibit* at the Tucson Children's Museum is designed to teach very young children (K-3) about saving energy, as well as electrical safety. TEP also underwrites tours for schools in low-income areas, provides age-appropriate materials to students, and trains docents to augment the presentation, which includes hands-on activities illustrating the energy saving lessons.

#### **Program Modifications**

The *Electri-City* school tour has been expanded to include information about renewable energy, specifically solar energy. Solar panels have been installed on the playhouse on the Museum grounds, and a panel to operate small appliances has been added to the curriculum presented to children by the Museum docents, and to the teacher's guide provided to each teacher prior to the tour.

# Tucson Electric Power Company

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

### Program Goals, Objectives, and Savings Targets

These programs are all designed to educate students and their families on ways to save energy and to provide hands-on experiences, putting to test the options for saving energy.

### Levels of Participation

The table below includes participation for this reporting period. It's important to keep in mind that teacher trainings for the Insulation Station, orders for classroom materials and creation of Energy Patrols occur primarily in the fall semester of the school year, when the offerings are received. It is difficult to ascertain when teachers actually use the materials or teach the units associated with the materials provided.

<i>Program</i>	<i>Number of Schools</i>	<i>Number of Students</i>
Insulation Station*	<b>13 schools/ 23 teachers trained</b>	329
Energy Patrol	<b>10 new schools</b>	3,400 est.
Energy Conservation/ Environmental classroom materials	<b>82 schools/ 312 teachers</b>	15,411
Energy Efficiency Exhibit (TEP's Electri-City at the Museum)**	<b>17 schools 233 Adults</b>	681
<b>TOTAL</b>	<b>122</b>	<b>19,821</b>

\*Numbers refer to teachers trained and kits ordered for students.

\*\*Student numbers are those from "low-income" schools for whom TEP paid the entrance fee and bus transportation costs for guided tours of the *Electri-City Exhibit*. They do not reflect total Museum visitors to the site.

The Energy Conservation classroom presentation for middle schools that features the Energy Bike continued to grow in popularity, and in the course of 2009, trained presenters visited a total of 38 schools to reach 3,837 students; 2,865 6<sup>th</sup> graders; 319 7<sup>th</sup> graders; and 273 8<sup>th</sup> graders; as well as 340 "others", which includes mixed classes of grades 6 through 7 and 7 through 8. At the end of each session, students filled out pledge cards indicating at least three items they committed to do at home to help save energy, and each student was given a refrigerator magnet listing *10 Ways to Save Energy* to share with his/her family.

The Energy Bike team also made community presentations, including at the two-day Sustainability Expo, the two-day Festival of Books at the University of Arizona campus, Solar Rock, the Southern Arizona Home Builders Association ("SAHBA") Home Show, the City of Tucson's Earth Day, the Biosphere 2 Earth Day, and the Pima Community College (Northwest Campus location) Earth Day. During the second half of 2009, the Energy Bike team added presentations at the Tucson Children's Museum Solar Day, another Earth Science Day event at Pima Community College, the B'Nai Tzedek Tzedakah Party at the Jewish Community Center, three days at the Math/Science and Technology FunFest, and a booth at the University of Arizona Homecoming celebration. The next presentation of Energy Efficiency 101 is slated for March 23 at the Himmel Park Library, after which time (and with the aid of evaluation forms) it will be modified to better respond to audience needs.

# Tucson Electric Power Company

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

### ALL EDUCATION & OUTREACH PROGRAMS

#### **Evaluation and Monitoring Activities and Results**

No evaluation or monitoring is available for this reporting period. In 2009 TEP surveyed its customers to determine how well the marketing campaigns are educating customers on:

- The existence and availability of DSM programs;
- Influencing their behavior regarding energy use;
- Purchasing energy efficient appliances;
- Utilizing TOU rate strategies; and
- Availability and ease of use for the online Energy Advisor (*see Other Significant Information*).

#### **kW, kWh, and Therm Savings**

There are no kW or kWh savings associated with these programs.

#### **Costs Incurred**

Costs incurred for the Education and Outreach Program during the reporting period are listed below:

DSM Program	Academic Education	Consumer Education	Time of Use Education	Program Implementation	Program Marketing	Planning & Admin	Program Total Cost
Education & Outreach	\$ 44,896	\$ 233,174	\$ 100,254	\$ 4,011	\$ -	\$ 11,234	\$ 393,570

#### **Findings from All Research Projects**

No research projects were performed during this reporting period.

#### **Other Significant Information**

On October 19, 2009, 105 TEP commercial customers received an email requesting they complete a survey regarding their experience with the Energy Advisor tool. Customers had until November 2, 2009 to complete the survey and receive a Starbucks gift card. TEP received completed surveys from 4 customers. Following is a summary of their response:

- The TEP website provided the best “advertising” for the Energy Advisor according to three of the four respondents.
- Three of the respondents rated the Energy Advisor very easy to locate with one rating it extremely easy to find.
- For ease of use, two found the site very easy, one extremely easy and one somewhat easy.
- Two respondents took less than 15 minutes to complete the audit while two others took between 15 & 30 minutes.
- Regarding the helpfulness of the tool, two found it somewhat helpful, one very helpful and one slightly helpful.
- Two respondents have implemented one of the suggested energy savings suggestions, one has implemented two suggestions and the other has implemented three suggestions.
- Finally, three respondents would recommend the site to family or friends while one might consider it.

## **Tucson Electric Power Company**

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

In October a bill insert was mailed to all customers announcing the new Phantom Load and Kilowatt Counter calculator tools that are available online. TEP included a marketing tile on the home page of tep.com directing customers to these new tools and an e-banner for our e-billing customers. Also in October TEP launched a marketing campaign for the PowerShift™ TOU electric rate which included print ads, a bill insert and web content. The TOU time shift icon which debuted in the spring was also posted in September for TEP customers to view the winter on-peak/off peak hours for their specific TOU rate. Finally, TEP launched the carbon footprint calculator on the website. This is a basic calculator that allows a customer to analyze the size of their carbon footprint by answering some questions on their home energy and water usage, transportation styles, recycling habits, etc.

A list of new or revised marketing materials is shown in Appendix 2. Please see the attached CD for copies of the marketing materials for this program.

# Tucson Electric Power Company

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

### TEP SHADE TREE PROGRAM

#### Description

The TEP Shade Tree Program has been in place since December 1992. Desert-adapted trees are provided to individual residences, residential neighborhoods, and low-income families, as well as to community areas and schools through TEP's partnership with Tucson Clean and Beautiful. Residents are allowed two, 5-gallon trees per year (four for homes built before 1980), which must be planted on the south, west, or east side of the home. Residents complete an application provided by Tucson Clean and Beautiful either online or by mail which includes the type of tree requested and the location where it will be planted. The resident pays a nominal fee of \$8.00 per tree, and the tree will be delivered to their home by Tucson Clean and Beautiful.

#### Program Modifications

Tucson Clean and Beautiful has started to provide TEP with a list of addresses, number, and type of trees in order for TEP to start conducting random inspections.

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

The goal of the program is to promote energy conservation and the environmental benefits associated with planting low water use trees. Along with the energy savings trees provide to the homes, trees also provide habitat for wildlife, absorb air and water pollutants, and control storm water runoff and soil erosion, in addition to the aesthetic beauty they provide to neighborhoods and the community.

#### Levels of Participation

For this reporting period, Tucson Clean and Beautiful delivered a total of 996 trees as follows:

- 974 five-gallon trees distributed to approximately 844 residential customers;
- (8) fifteen-gallon trees and (2) five gallon trees to five schools; and
- (8) fifteen-gallon trees and (4) five gallon trees to three community projects.

#### 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 TEP DSM programs (excluding LIW, Guarantee Home, and Education & Outreach) and is in the process of implementing a MER plan. Final MER results are expected in 2010.

#### kW, kWh, and Therm Savings

No. of Trees	kW savings	kWh savings	Therm savings
996	0	176,292	0

#### Problems Encountered and Proposed Solutions

No problems were encountered during this reporting period.

# Tucson Electric Power Company

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

### 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
Shade Tree	\$ 59,030	\$ -	\$ -	\$ 1,836	\$ -	\$ 10,450	\$ 71,316

### Findings from All Research Projects

No research projects were conducted during this reporting period.

### Other Significant Information

No other significant information to report this period.

# Tucson Electric Power Company

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

### TEP EFFICIENT HOME COOLING PROGRAM

#### Description

The TEP Efficient Home Cooling Program promotes the installation of high-efficiency air conditioning and heat pump systems in existing homes in the TEP service territory by providing rebates to customers who purchase high Seasonal Energy Efficiency Ratio ("SEER") air conditioners or heat pumps. Air conditioners and heat pumps are eligible for rebates if they have a SEER rating of 14 or greater. Heating, Ventilating, and Air-Conditioning ("HVAC") contractors must also perform a proper sizing calculation for a customer's home to ensure the new air conditioner or heat pump is correctly sized for their needs.

#### Program Modifications

No modifications were made during this reporting period.

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

This program is designed to encourage customers in existing homes to purchase higher SEER rated air conditioners or heat pumps when replacing their existing HVAC system.

#### Levels of Participation

For this reporting period, TEP paid rebates on 2,002 HVAC units as follows:

Quantity	Equipment Type	SEER	Incremental Cost
425	Air Conditioner	14	\$221.29
156	Heat Pump	14	\$281.81
227	Air Conditioner	15	\$499.30
137	Heat Pump	15	\$581.00
526	Air Conditioner	16	\$711.32
101	Heat Pump	16	\$847.93
190	Air Conditioner	17	\$922.01
35	Heat Pump	17	\$1,163.96
163	Air Conditioner	18	\$1,066.36
42	Heat Pump	18	\$1,227.27
<b>2,002</b>			

In addition 846 rebates of \$25 each were paid to contractors during this reporting period. TEP currently has 217 participating contractors signed to the program.

#### 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 TEP DSM programs (excluding LIW, Guarantee Home, and Education & Outreach) and is in the process of implementing a MER plan. Final MER results are expected in 2010.

#### kW, kWh, and Therm Savings

No. of Units Installed	kW savings	kWh savings	Therm savings
2,002	952	2,275,211	0

# Tucson Electric Power Company

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

### Problems Encountered and Proposed Solutions

TEP continues to encounter some difficulties with processing applications. As of December 31<sup>st</sup> there are 108 applications “on hold” for various reasons. The primary reason is no proper sizing calculation. TEP makes every effort to obtain the missing information by contacting both the customer and contractor with the specific details of what information is needed to process the rebate. Finally, there were five applications that did not qualify for rebates because the equipment did not meet minimum SEER requirements.

The proper sizing calculation requirement continues to be a roadblock with HVAC contractors, causing delays in rebate processing and some contractor refusals to participate in the program. These delays create extra administrative time as well as heightened customer frustration. While many of our participating contractors will provide a Manual J sizing calculation, most say it costs them more to do than the customer rebate. To address this issue TEP scheduled a Manual J class on December 4<sup>th</sup>, 2009, sending out invitations to all participating contractors. We received a response from 4 contractors – two of which already use Manual J on a regular basis. Due to the low participation response, the class was cancelled. TEP plans to offer another Manual J training class in March 2010, and hopes to get a better response at that time.

### 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 Cooling	\$ 471,750	\$ -	\$ -	\$ 50,165	\$ 27,538	\$ 22,994	\$ 572,448

*\*Includes \$21,150 in contractor rebates*

### Findings from All Research Projects

No research projects were conducted during this reporting period.

### Other Significant Information

During this reporting period an ad campaign based around our online AC calculator was bundled along with the Efficient Home Cooling program marketing. A list of new or revised marketing materials is shown in Appendix 2. Please see the attached CD for copies of the marketing materials used for this program.

# Tucson Electric Power Company

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

### TEP ENERGY STAR® LIGHTING PROGRAM

#### Description

The TEP ENERGY STAR® Compact Fluorescent Lamp (“CFL”) Buy-down Program promotes the installation of energy efficient ENERGY STAR® approved lighting products by residential and small commercial customers in the TEP service territory. TEP provides funds to manufacturers of ENERGY STAR® approved CFL products to reduce the cost of CFLs. TEP then partners with local retailers to pass on these savings to the consumer.

#### Program Modifications

Program participation has been far greater than expected. On June 30, 2009, TEP received Commission approval to increase program funding with ACC Decision No. 71180 (June 30, 2009).

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

The program objectives are to:

- Reduce peak demand and overall energy consumption in homes and small businesses;
- Increase the purchase of CFLs;
- Increase the availability of energy efficient lighting products in the marketplace; and
- Increase the awareness and knowledge of retailers and TEP customers on the benefits of energy efficient lighting products.

2009 sales, demand, and energy savings goals:

Year	2009	2010	2011	2012
Projected Lamp sales	1,073,919	1,106,136	1,139,320	1,173,500
Peak Demand Savings (kW)	5,480	5,645	5,814	5,988
Energy Savings (kWh)	60,390,057	62,201,758	64,067,811	65,989,845

#### Levels of Participation

A total of 418,789 CFLs were sold during this reporting period. Total sales for 2009 were 808,970 bulbs. CFL sales by retailer and number sold by wattage are listed in Appendix 1.

#### 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 TEP DSM programs (excluding LIW, Guarantee Home, and Education and Outreach) and is in the process of implementing a MER plan. Final MER results are expected in 2010.

#### kW, kWh, and Therm Savings

No. of CFLs Sold	kW savings	kWh savings	Therm savings
418,789	3,569	22,642,662	0

# Tucson Electric Power Company

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

### Problems Encountered and Proposed Solutions

There is demand for a better quality three way CFL bulbs and a dimmable CFL bulb. TEP is also getting repeated requests for information on LED bulbs. It will take time for the manufacturers to respond and produce a quality ENERGY STAR® rated LED product.

### 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 Star Lighting (CFL)	\$ 409,988	\$ -	\$ -	\$ 135,339	\$ -	\$ 11,756	\$ 557,083

### Findings from All Research Projects

No research projects were conducted during this reporting period.

### Other Significant Information

TEP received Commission approval for an increased funding on June 30, 2009. Sales increased by 27,000 lamps compared to the first six months of 2009, despite a national trend of a 20% decline in CFL sales. There seems to be a greater acceptance of CFLs by the public.

TEP has found that retailer visits are playing a critical role toward the success of the program. Visits focus on proper program information and signage; ensuring product is displayed prominently; checking product inventory; and training staff on the benefits of program participation. TEP performed 779 store visits during this reporting period. In addition, TEP held 228 aisle training events for retail employees.

TEP performed 46 week-end outreach events at various retailers during this reporting period. Outreach events consist of one or more TEP representatives promoting various CFL products and using a CFL lighting display to help educate customers. Outreach events typically last about four hours. Retailers are very appreciative of this type of outreach to their customers and always encourage repeat events at their store. Unfortunately retail store traffic has continued to be slow during this reporting period based on the opinion of the retail store management.

Marketing efforts for this reporting period include:

- CFL Program signage was produced and placed in public viewing areas throughout TEP facilities. This gives the program exposure to over 1,200 employees and their family and friends.
- TEP attended 6 HOA meetings at various residential developments. A CFL presentation was given and each household received one free CFL bulb.
- The CFL Program was promoted at over 60 speaking events.
- In September, a new promotion with TechniArt Inc. was started. TechniArt runs an online retail site selling 43 Energy Star CFL products that are available with utility incentives.
- TEP created a bulb display showing an incandescent vs. a CFL bulb. Customers can see the difference in energy use, brightness, and colorization. A dimmable fixture was added to the display in November. This display is used at in-store outreach events, schools, and other events where TEP is exhibiting.
- The CFL program was featured on the radio talk show "Mrs. Green Goes Mainstream" in August.

## Tucson Electric Power Company

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

- TEP developed two new marketing pieces. The first was a bulb application guide. This guide was put up at retail stores to help customers select the correct bulb for the correct application. The guide was modeled after the ENERGY STAR<sup>®</sup> guide. The second piece was a bill insert that was sent to over 320,000 TEP customers in their June/July bill.
- In December, a buy one get one free promotion was held at four Home Depot stores in Tucson. The event was supported with event specific print ads, radio ads and general CFL program transit ads in English and Spanish. Live remote broadcasts were held by two radio stations on the day of the event.
- 46 calls were made to the 800 number during this reporting period. This is less than one call per day. Callers most often ask where they can purchase CFL bulbs.
- There were 478 hits on the web site for this program. The website includes a calendar of events and a retailer locator page.

A list of new or revised marketing materials is shown in Appendix 2. Please see the attached CD for copies of the marketing materials used for this program.

# Tucson Electric Power Company

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

### **TEP NON-RESIDENTIAL EXISTING FACILITIES PROGRAM**

#### **Description**

The TEP Non-Residential Existing Facilities Program is a multi-faceted program that will provide incentives to TEP's large commercial customers for the installation of energy-efficiency measures including lighting equipment and controls, HVAC equipment, motors and motor drives, compressed air, and refrigeration. Incentives are offered for measures in each of these categories. The program also provides customers with the opportunity to propose innovative energy efficiency solutions through customer energy efficiency measures.

#### **Program Modifications**

No modifications were made in the program during this reporting period.

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

The primary goal of the program is to encourage TEP's large commercial customers to install energy efficiency measures in existing facilities. More specifically, the program is designed to:

- Provide incentives to facility operators for the installation of high-efficiency lighting equipment and controls, HVAC equipment, premium efficiency motors and motor controls, energy efficient compressed air and leak-repair measures, and energy-efficient refrigeration system retrofits;
- Overcome market barriers including:
  - Lack of awareness and knowledge about the benefits and cost of energy efficiency improvements;
  - Performance uncertainty associated with energy efficiency projects; and
  - High first costs for energy efficiency measures.
- Assure that the participation process is clear, easy to understand and simple; and
- Increase the awareness and knowledge of facility operators, managers and decision-makers on the benefits of high-efficiency equipment and systems.

#### **Levels of Participation**

There were 55 pre-applications and 98 final applications during this reporting period for prescriptive measures. In addition, there were 34 pre-applications and 16 final applications for custom measures. A total of \$790,237 in rebates was paid to 51 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 TEP DSM programs (excluding LIW, Guarantee Home, and Education and Outreach) and is in the process of implementing a MER plan. Final MER results are expected in 2010.

# Tucson Electric Power Company

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

### kW, kWh, and Therm Savings

Measure	No. Installed	kW savings	kWh savings	Incremental Cost
Air Compressors	0	0	0	N/A
Chillers	6	104	132,538	\$107.33
AC-HP	72	1,281	259,987	\$549.25
Refrigeration	3	0	2,242	\$205.33
Motors	107	798	7,327,021	\$195.08
Lighting	86,796	740	3,248,008	\$7.00
Custom	5	0	163,369	\$10,145.34
<b>Totals</b>	<b>86,989</b>	<b>2,924</b>	<b>11,133,165</b>	<b>N/A</b>

### Problems Encountered and Proposed Solutions

TEP has seen a significant increase in interest and participation in the program during this reporting period. If necessary, funds will be transferred from another commercial DSM program to this one in accordance with ACC Decision No. 70403 (July 3, 2008). With the anticipated success of this program in 2009, there is concern that budgets for future years will need to be increased to accommodate demand. TEP plans a filing seeking Commission approval for additional funding in early 2010.

### Costs Incurred

Costs incurred during this reporting period are listed below:

DSM Program	Rebates & Incentives	Training & Technical Assistance	Consumer Education	Program Implementation	Program Marketing	Planning & Admin	Program Total Cost
Non-Residential Existing Facilities	\$ 790,237	\$ -	\$ -	\$ 156,806	\$ 5,585	\$ 12,334	\$ 964,962

### Findings from All Research Projects

No research projects were conducted during this reporting period.

### Other Significant Information

Marketing efforts for this reporting period include:

- TEP created a new brochure for all commercial DSM programs. This brochure includes information on the TEP renewable programs in an effort to expose commercial customers to the benefits of both renewable and energy efficiency programs at TEP.
- There were 2,185 web site hits for this program during this reporting period. This program has received more hits than the other two commercial programs showing that it has excellent customer appeal.
- TEP performed over 60 presentations during this reporting period. Presentations were given to:
  - Business associations and individual businesses;
  - Municipal governments within TEP service territory;
  - School systems within TEP service territory; and
  - Davis Monthan Air Force Base representatives.
- In July, a contractor meeting was held to explain the program to interested parties;
- In September, the program was promoted on the radio talk show, "Mrs. Green Goes Mainstream".

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- In October, the program was promoted on the John C. Scott radio talk show.
- In October, workshop on availability of ARRA funds was held for schools. TEP commercial DSM programs were presented and all attending were encouraged to participate.

A list of new or revised marketing materials is shown in Appendix 2. Please see the Commercial Energy Solutions folder on the attached CD for copies of the marketing materials used for this program.

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### TEP SMALL BUSINESS PROGRAM

#### Description

The TEP Small Business Program is designed to minimize some of the barriers to implementation of energy efficiency improvements in the small business market, such as lack of capital, information search costs, transaction costs, performance uncertainty, and the so-called "hassle factor". Small firms generally concentrate on their core businesses, and do not have the wherewithal to analyze energy use and improve efficiency.

The program will be an upstream market program providing incentives directly to contractors for the installation of selected high efficiency lighting, HVAC, and refrigeration measures. The incentives would be set at a higher level for this market in order to encourage contractors to market and deliver the program, thus offsetting the need for TEP marketing and overhead expenses. In order to further reduce the overhead expenses, the program will employ internet-based measure analysis and customer proposal processing which will make the process easier for both contractors and customers.

The program includes customer and trade ally education to help them with understanding the technologies being promoted, what incentives are offered, and how the program functions.

#### Program Modifications

No modifications were made in the program during this reporting period.

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

The primary objective of the program is to encourage TEP's small business customers to install energy efficiency measures in existing facilities. More specifically, the program is designed to:

- Encourage small business customers to install high-efficiency lighting equipment and controls, HVAC equipment, and energy-efficient refrigeration system retrofits in their facilities;
- Encourage contractors to promote the program and provide turn-key installation services to small business customers;
- Overcome the unique market barriers of the small business market including:
  - First costs and lack of access to capital for energy efficiency improvements;
  - Lack of awareness and knowledge about the benefits and cost of energy efficiency improvements;
  - Hassle and transactions costs; and
  - Performance uncertainty associated with energy efficiency projects.
- Assure that the participation process is clear, easy to understand and simple; and
- Increase the awareness and knowledge of business owners, building owners and managers, and other decision-makers on the benefits of high-efficiency equipment and systems.

Savings targets are as follows:

Year	2009	2010	2012	2013
Energy Savings (kWh)	10,285,945	10,594,523	10,912,359	11,239,730

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### Levels of Participation

162 applications were approved during this reporting period. Of these, 136 were completed. The rate of cancellation of approved applications was only 1%. A total of \$662,792 in rebates was paid to contractors and 81 small businesses participated in the program 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 TEP DSM programs (excluding LIW, Guarantee Home, and Education and Outreach) 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	kW savings	kWh savings	Incremental Cost
Lighting	14639	1280	4,998,337	\$72.47
VSD	2	8	6,830	\$4,911.01
AC and HP*	240	2	627,677	\$219.95
<b>Totals</b>	14881	1291	5,632,844	N/A

\*AC and HP measures installed consists 233 programmable thermostats and seven AC units

### Problems Encountered and Proposed Solutions

Demand for program participation is increasing. As a result, more applications were received during the second half of calendar year 2009 than the first. There is \$322,682 worth of project reservations being carried over from 2009 into 2010. If necessary, funds will be transferred from the TEP Efficient Commercial Building Design Program to this program in accordance with ACC Decision No. 70457 (August 6, 2008). TEP plans a filing seeking Commission approval for additional funding in early 2010.

Lighting retrofit measures are getting the most participation. As a result, savings per dollar spent is below the established goal. More emphasis will be placed on other measures to increase the savings per dollar spent on the program.

Of the applications received during calendar year 2009, 239 were for lighting, 50 for HVAC and two for motors. TEP plans to increase promotion of other measures to obtain better program balance.

### 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
Small Business	\$ 662,792	\$ -	\$ 86	\$ 147,479	\$ 561	\$ 11,949	\$ 822,867

### Findings from All Research Projects

No research projects were conducted during this reporting period.

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### **Other Significant Information**

Marketing efforts for this reporting period include:

- TEP created a new brochure for all commercial DSM programs. This brochure includes information on the TEP renewable programs in an effort to expose commercial customers to the benefits of both renewable and energy efficiency programs at TEP.
- In July, a contractor seminar was held. The seminar was designed to generate interest from contractors to become certified for the Small Business Program.
- Twelve contractors, with focus on refrigeration and HVAC, were added to the certified list during this reporting period.
- TEP performed over 60 presentations during this reporting period. Presentations were given to:
  - Business associations and individual businesses;
  - Municipal governments within TEP service territory;
  - School systems within TEP service territory; and
  - Davis Monthan Air Force Base representatives.
- In September, the program was promoted on the radio talk show, "Mrs. Green Goes Mainstream".
- In September, a refrigeration contractor meeting was held.
- In September, TEP held a targeted information/education workshop for businesses that use refrigeration equipment in their business. The main area of emphasis was how they could use TEP programs to save energy and money for their company.
- In October, the program was promoted on the John C. Scott radio talk show.
- In October, a workshop for schools was held informing them on the ARRA funds and how to leverage their dollars. TEP commercial DSM programs were presented and all attending were encouraged to participate.
- There were over 1,852 hits on the web site for this program. This is an increase over the last reporting period. The web has proven to be a successful marketing tool for the program.

A list of new or revised marketing materials is shown in Appendix 2. Please see the Commercial Energy Solutions folder on the attached CD for copies of the marketing materials used for this program.

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### TEP EFFICIENT COMMERCIAL BUILDING DESIGN PROGRAM

#### Description

The Efficient Commercial Building Design Program is geared toward the building owner/developer and is designed to encourage improved building energy efficiency in new commercial construction compared to standard building practices.

The program is a performance-based program that includes design assistance for the design team, performance-based incentives for the building owner and developer, and energy design information resources. Design assistance involves efforts to integrate energy efficiency into a customer's design process as early as possible. The program would provide incentives to offset the additional design cost of alternative, energy-efficient designs.

In addition to the design incentives and performance-based incentives for the building owner/developer, this program will provide technical support services to the design community. The program will provide consumer education and promotional pieces designed to assist building owners/developers in understanding various energy efficiency options and encourage them to explore energy efficiency options.

#### Program Modifications

No modifications were made during this past reporting period.

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

The primary goal of the program is to encourage energy-efficient new building design for new, non-residential projects in TEP's service area. More specifically, the program is designed to:

- Provide incentives to building owners/developers to design and build more energy-efficient buildings;
- Provide assistance to design teams to offset the additional cost and time of investigating more energy-efficient design;
- Overcome certain market barriers;
- Assure that the participation process is clear and easy to understand and does not unduly burden the design and construction time schedule or budget process;
- Increase the awareness and knowledge of building owners/developers, architects, engineers, and decision-makers on the benefits of high efficiency buildings design; and
- Encourage building owners/developers and the design community to consider energy efficiency options as early in the design process as possible.

Savings targets are as follows:

Year	2009	2010	2012	2013
Number of Facilities	13	14	14	15
Energy Savings (MWh)	3,120	3,214	3,310	3,410

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### Levels of Participation

There were five applications for design assistance and seven applications for building performance during this reporting period. A total of twelve applications were received.

Two payments totaling \$8,513 for installed performance measures were made during this reporting period. \$69,002 has been reserved for design assistance applications submitted but the work is not completed yet.

### 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 TEP DSM programs (excluding LIW, Guarantee Home, and Education and Outreach) and is in the process of implementing a MER plan. Final MER results are expected in 2010.

### kW, kWh, and Therm Savings

No. of Participants	No. of Buildings	kW savings	kWh savings	Therm savings
2	11	21.2	41,181	0

### Problems Encountered and Proposed Solutions

The slow economy is creating declining interest for project development and design assistance. Longer lead times for active projects are preventing timely completion of new commercial developments.

### 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 Commercial Building Design	\$ 8,513	\$ -	\$ -	\$ 79,200	\$ 780	\$ 11,495	\$ 99,988

### Findings from All Research Projects

No research projects were conducted during this reporting period.

### Other Significant Information

Marketing efforts for this reporting period include:

- TEP created a new brochure for all commercial DSM programs. This brochure includes information on the TEP renewable programs in an effort to expose commercial customers to the benefits of both renewable and energy efficiency programs at TEP.
- TEP gave over 40 presentations specifically relating to this program. Presentations were given to:
  - Building Owners and Managers Association ;
  - United States Green Building Council, Southern Arizona Chapter;
  - Architectural and Engineering firms; and
  - University of Arizona.
- In October, the program was promoted on the John C. Scott radio talk show.

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- TEP participated at the Pima Association of Governments Expo, the Green Media Alliance Seminar and State School Board Facilities seminar. Commercial DSM program information was available and discussed with interested attendees.
- There were over 1,041 hits on the program web site during this reporting period.

New commercial construction requires a long lead time. From conception to completion construction can be 20 months or more. This and the current economic recession will make 2010 and onward a challenge. However, TEP is committed to making the Efficient Commercial Building Design Program a success.

A list of new or revised marketing materials is shown in Appendix 2. Please see the Commercial Energy Solutions folder on the attached CD for copies of the marketing materials used for this program.

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SEMI-ANNUAL DSM PROGRESS REPORT FOR THE PERIOD:  
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## APPENDIX 1 – CFL SALES AND WATTAGE INFORMATION

CFL Sales by Retailer

Retailer	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
99 Cents		8,563	437						6,594	5,603	2,911	2,892	27,000
Ace Hardware				1,102	6,365	4,195	4,411	3,268	2,316	2,056	1,630	1,049	26,392
Albertsons								549	550	704	643	672	3,118
Bashas				154	90		104	80	122	66	82	132	830
Bed Bath & Beyond													0
Costco	10,269	26,578	27,502	26,028	10,232	6,765	12,578	23,717	23,786	18,167	11,799	5,383	202,804
CVS				500	52		79	88	204	74	384	393	1,774
Dollar Tree		1,700	801	1,099			5,100						8,700
Family Dollar							1,888	2,485	1,748	1,079			7,200
Fry's Foods							6,368	2,428	2,577			3,627	15,000
Home Depot	16,361	39,599	39,734	42,107	31,670	4,105	43,533	19,564	18,419	18,405	26,139	35,498	335,134
Lowe's			1,173	1,863	982	678	1,107	1,181	1,310	636	356	1,220	10,506
Online													0
Outreach										1,500		6,000	7,500
Sam's Club			17,531	8,582	8,929	11,094	11,439	9,044	7,282	6,487	5,205	5,494	91,097
Sun Lighting											1,654	909	2,563
Wal-mart			2,648	11,863	11,937	6,883	6,236	4,630	4,556	8,263	4,326	8,010	69,352
<b>Utility Total</b>	<b>26,630</b>	<b>76,440</b>	<b>89,826</b>	<b>93,308</b>	<b>70,257</b>	<b>33,720</b>	<b>92,843</b>	<b>67,034</b>	<b>69,464</b>	<b>63,040</b>	<b>55,129</b>	<b>71,279</b>	<b>808,970</b>

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### kWh Savings by Wattage

Units	Watts	Watts Replaced	Watts Saved	Life	Hours/Day	Meas Life	Unit kWh Annual	kWh Annual
1,326	7	40	33	8,000	2.75	8.0	33.1	43,951
0	7	40	33	10,000	2.75	10.0	33.1	0
132	9	40	31	8,000	2.75	8.0	31.1	4,110
51,732	9	40	31	10,000	2.75	10.0	31.1	1,610,779
48	9	40	31	10,000	2.75	10.0	31.1	1,490
5,585	10	40	30	8,000	2.75	8.0	30.1	168,290
6,840	11	40	29	8,000	2.75	8.0	29.1	199,236
155	11	45	34	8,000	2.75	8.0	34.2	5,293
2,956	11	40	29	10,000	2.75	10.0	29.1	86,102
89,487	13	60	47	8,000	2.75	8.0	47.2	4,224,462
163,911	13	60	47	10,000	2.75	10.0	47.2	7,737,910
1,288	13	60	47	10,000	2.75	10.0	47.2	60,786
651	13	60	47	12,000	2.75	11.9	47.2	30,733
7,740	14	60	46	8,000	2.75	8.0	46.2	357,611
11,950	14	65	51	8,000	2.75	8.0	51.2	612,139
301,289	14	60	46	10,000	2.75	10.0	46.2	13,920,456
1,005	15	60	45	8,000	2.75	8.0	45.2	45,425
38,676	15	65	50	8,000	2.75	8.0	50.2	1,942,340
1,952	15	60	45	10,000	2.75	10.0	45.2	88,228
24	15	60	45	10,000	2.75	10.0	45.2	1,085
3,612	16	65	49	8,000	2.75	8.0	49.2	177,768
5,880	18	75	57	8,000	2.75	8.0	57.3	336,640
4,954	19	75	56	10,000	2.75	10.0	56.2	278,648
5,100	19	75	56	10,000	3.00	9.1	61.4	312,940
4,416	20	75	55	8,000	2.75	8.0	55.2	243,953
203	20	85	65	8,000	2.75	8.0	65.3	13,253
1,516	23	90	67	8,000	2.75	8.0	67.3	102,021
5,358	23	100	77	8,000	2.75	8.0	77.3	414,388
14,640	23	120	97	8,000	2.75	8.0	97.4	1,426,346
51,783	23	100	77	10,000	2.75	10.0	77.3	4,004,897
192	23	100	77	10,000	2.75	10.0	77.3	14,850
6,984	23	100	77	10,000	3.00	9.1	84.4	589,247
288	23	100	77	12,000	2.75	11.9	77.3	22,274
401	26	90	64	8,000	2.75	8.0	64.3	25,777
15,292	26	100	74	8,000	2.75	8.0	74.3	1,136,605
211	26	95	69	10,000	2.75	10.0	69.3	14,623
48	26	100	74	10,000	2.75	10.0	74.3	3,568
480	29	150	121	10,000	2.75	10.0	121.5	58,336
55	32	150	118	10,000	1.40	19.6	60.3	3,315
24	40	150	110	10,000	2.75	10.0	110.5	2,652
786	42	150	108	10,000	2.75	10.0	108.5	85,263
<b>808,970</b>								<b>40,407,791</b>

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### APPENDIX 2 – MARKETING MATERIALS

#### Guarantee Home Program:

- Van Wraps
  - Back – HR\_PROOF\_rear (JPG)
  - Driver – HR\_PROOF\_driver (JPG)
  - Front – PROOF\_front (JPG)
  - Passenger – HR\_PROOF\_passenger (JPG)

#### TEP Education and Outreach Programs:

- Carbon Footprint Calculator:
  - Radio – Carbon Footprint 10 sec metro copy (Word document)
  - Web:
    - Marketing tile – How Green Are You (JPG)
    - Screen Shot – CO2calculatorhomepage (Word document)
- Phantom Kilowatt:
  - Bill insert – TEP Phantom Energy insert v3FINAL (PDF)
  - Web:
    - Ebill banner – TEP Phantom ebill banner (JPG)
    - KilowattCounterHomePage (Word document)
    - Phantom Energy Home Page (Word document)
- PowerShift™ (TOU):
  - Bill insert – TEP PowerShift insert v5 (PDF)
  - Print Ad – TEP PowerShift ad v1 (PDF)
  - Radio - TEP 10Powershift Radio 10 (MP3), TEP 15Powershift Radio 15 (MP3), and TEP Powershift TOU Radio 60 9\_16\_09 (MP3)
  - Web:
    - Ebill banner - TEP PowerShift ebill banner v1 (JPG)
    - Marketing icon - Power Shift Winter Rates TEP (JPG)

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### **Efficient Home Cooling Program:**

- TEP EHC ad SCVS v5 (PDF)

### **ENERGY STAR® Lighting Program:**

- Ad – TEP\_Event\_Colorv1 (PDF), TEP\_General\_Color (PDF), and Tep-UES Ads\_print\_11.16 (PDF)
- Bill insert – tep\_bill\_insert\_v6FINAL (PDF)
- Bookmarks – 7728\_TEP\_F09\_86040\_CFL\_EE\_bookmark\_062209v5 (PDF)
- One-page – TEP\_one-pager\_11x17\_english (PDF) and TEP\_one-pager\_11x17\_spanish (PDF)
- Radio copy – content\_TEP\_UES\_radio\_scripts (Word document)
- Transit signs – TEP\_transit\_ad\_new (PDF)
- Southwest Conservation Corps Release (Word document)

### **Commercial Energy Solutions:**

- Business License Insert (Word document)
- HARD HAT NEWS BLURB (Word document)
- TEP CES brochure v12 (PDF)
- TEP Commercial insert v5 (PDF)