

ORIGINAL

THIS AMENDMENT:

_____ Passed _____ Passed as amended by _____

_____ Failed _____ Not Offered _____

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Arizona Corporation Commission

DOCKETED

MAR 24 2010

2010 MAR 24 P 3: 25 **MAYES PROPOSED AMENDMENT 1**

AZ CORP COMMISSION
DOCKET CONTROL

TIME/DATE PREPARED: March 24, 2010

DOCKETED BY	
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COMPANY: UNS Gas, Inc.

AGENDA ITEM NO. 20

DOCKET NO. G-04204A-08-0571

OPEN MEETING DATE: 3-31-10

Page 70, line 25, INSERT: "During public comment in this case, several individuals recommended that the Commission consider adopting at UNS Gas a revolving loan fund and on-the-bill-financing mechanism designed to help the customers of the Company adopt energy efficiency measures in a more timely, broad-based manner. Members of the Flagstaff-based Sustainable Economic Development Initiative ("SEDI") stated they are interested in helping to fashion such a program for their community, and argued persuasively that aggressive deployment of energy efficiency measures is particularly important in UNG Gas' service territory as customers of the Company have experienced a steep and steady rise in the cost per therm of gas during the course of this decade. During the hearing in this matter, a witness for the Company was asked whether a revolving loan fund coupled with on-the-bill financing for energy efficiency, such as the program implemented at Midwest Energy in Kansas, would be feasible for UNS Gas. The Company's witness said that it had been in discussions with SEDI about energy efficiency programs in Coconino County and that it was familiar with the Kansas revolving loan fund.

We believe that under such a program, customers of UNS Gas could be given the opportunity to receive loans for the up-front costs associated with implementing energy efficiency measures such as efficient gas furnaces or ductwork, and could pay off these loans through the savings they achieve on their gas bills created by the energy efficiency measures that have been installed. The revolving loan fund could be launched through the DSM adjustor mechanism, or through the DSM adjustor in combination with a partnership between UNS Gas and a bank, or potentially in partnership with the state Energy Office, and could then be replenished by the loans that are paid off by customers. Given the interest among customers in UNS Gas' service territory in implementing energy efficiency measures, and the need to deploy energy efficiency as widely as possible to assist as many customers as possible in keeping their bills low, we believe it is in the public interest to require UNS Gas to file, as part of its 2011 Energy Efficiency Implementation Plan, a proposed energy efficiency revolving loan fund and on-the-bill financing program for Commission consideration. If possible, the Company should seek out participation in the fund by the State Energy Office, which is currently administering stimulus funding for energy efficiency efforts, but if it finds that the Energy office is unable to participate, the Company should not delay the formation of its proposed program. The Company should also investigate

the possibility of partnering with a bank in addressing how the revolving loan fund would be initiated. Additionally, we believe that UNS Gas should craft its proposal for an energy efficiency revolving loan fund in conjunction with interested community groups in the Company's service territory, including but not limited to, SEDI."

Page 76, line 5, INSERT New Ordering Paragraph: "IT IS FURTHER ORDERED that UNS Gas, Inc. shall file for Commission consideration, as part of its 2011 Energy Efficiency Implementation Plan, a proposed energy efficiency revolving loan fund and on-the-bill financing program for energy efficiency measures such as ductwork and efficient gas furnaces, and shall work with interested community groups in UNS Gas, Inc.'s service territory in the crafting of the proposal. The proposal shall include a description of the steps UNS Gas, Inc. took to work with local community groups in the formation of the proposal."

Page 76, line 5, INSERT New Ordering Paragraph: "IT IS FURTHER ORDERED that the UNS Gas, Inc. shall seek out participation in the fund by the State Energy Office, which is currently administering stimulus funding for energy efficiency efforts, but if it finds that the State Energy Office is unable to participate, UNS Gas, Inc. shall not delay the formation of the proposed program and shall investigate the possibility of partnering with a bank in addressing how the revolving loan fund will be initiated."

Page 76, line 5, INSERT New Ordering Paragraph: "IT IS FURTHER ORDERED that UNS Gas, Inc. shall craft its proposal for an energy efficiency revolving loan fund in conjunction with interested community groups in the Company's service territory, including but not limited to, the Sustainable Economic Development Initiative based in Flagstaff."

Make all conforming changes.