

ORIGINAL

Passed _____	THIS AMENDMENT: Passed as amended by _____
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**MAYES PROPOSED AMENDMENT 2**

AZ CORP COMMISSION  
DOCKET CONTROL

TIME/DATE PREPARED: 6-24-10

COMPANY: Tucson Electric Power Company

AGENDA ITEM NO. 13

DOCKET NO. E-01933a-07-0401

OPEN MEETING DATE: 6-29-10

**MAYES PROPOSED AMENDMENT 2**

Page 7, line 27, INSERT: "The Commission is impressed with the anticipated benefits associated with TEP's Demand Response proposal and believes that the Company should consider expanding its Commercial and Industrial Load Control program to include all cost-effective C&I Direct Load Control and Demand Response. Given that the instant program is anticipated to achieve a TEP-estimated 2.56 Benefit/Cost Ratio, and will result in \$12.82 million in net present value benefits to ratepayers, we believe it makes sense to require the Company to continue to maximize its use of cost-effective DLC and Demand Response programs in the C&I sector. Additionally, though the Company has applied to conduct 40 Megawatts of load control potential over the time period of the program, the Federal Energy Regulatory Commission (FERC) recently reported in its "National Assessment of Demand Response Potential" that Arizona's potential peak reduction from demand response in 2019, at full participation, was 27.7% or 6,200 MWs. While we recognize that the FERC study is a projection and has limitations, it nevertheless suggests that there are significant opportunities for demand response above and beyond TEP's current actions. Therefore, we will require that TEP file a proposal for at least an additional 85 Megawatts of C&I Direct Load Control or Demand Response no later than September 1, 2010, for Staff review and Commission consideration."

Page 9, line 4, INSERT New Ordering Paragraph: "IT IS FURTHER ORDERED that Tucson Electric Power Company shall file a proposal for at least an additional 85 Megawatts of C&I Direct Load Control or Demand Response no later than September 1, 2010, for Staff review and Commission consideration."

Make all conforming changes.

Arizona Corporation Commission  
**DOCKETED**

JUN 24 2010

DOCKETED BY	<i>MM</i>
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