

OPEN MEETING AGENDA ITEM



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To: Docket Control

From: Douglas Mann, General Manager

SemStream Arizona Propane

Date: July 26, 2010

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2010 AUG -6 P 2:52

ORIGINAL

RG-00000B-09-0428

RE: Written comments regarding Staff's draft proposed Gas Energy Efficiency Rules at the July 26, 2010 workshop.

Attached are the comments of Douglas Mann Manager of SemStream Arizona Propane regarding the above topic.

Arizona Corporation Commission

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Gas Energy Efficiency (Docket No. RG-00000B-0428)

July 26, 2010

Arizona Corporation Commission

1. I am concerned that this program may not have the same economic impact in a small propane market as is ours. We have one town with 1,300 customers and 1,000,000 therms and a second town with 7,500 customers and 3,000,000 therms. In order to make an energy saving impact, what will the associated costs be distributed over such a small group of customers?
2. Many of the homes in the Payson area are 2<sup>nd</sup> homes for folks from the Phoenix area. Thus, the annual usage tends to be skewed towards summer usage. This makes for a difficult market to develop meaningful base data.
3. In recent years we have had several forest fires. This has provided free firewood for all that want to use it. While it certainly has reduced the volumes of gas used, it has added to the air pollution. Again, this kind of anomaly has resulted in achieving less energy usage, but how does that fit in the structure of this program?
4. Class A utilities are identified as the utilities for this program. While SemStream Arizona Propane in Payson fits as a Class A utility in revenue (>\$5,000,000) the propane typically sells for 10x the same amount of natural gas. Thus, we are Class A, but are much smaller in manpower, customers, and volumes of energy sold.
5. In Payson, there is no ban or monopoly for our underground propane systems. Competing propane dealers can and do set tanks in town. We have several of our larger customers running competing company propane. This also impacts the baseline for this project as well as the counting and measuring the degree of efficiency gain in the context that the customers are not locked into the utility system.

For the above reasons, I am concerned about our participation in this program. I know we don't have the extra manpower that this implementation may require. I am concerned that the resources we would need to spend to make an impact in our community on a \$/customer basis, may be viewed negatively by our customer base. I would appreciate the Commission consideration towards moving out of this program, or at least to a level that takes into an account of the very small market and small operation (29 employees in two towns) that we have. Thank you.

Sincerely,



Douglas R. Mann

General Manager