

ORIGINAL OPEN MEETING AGENDA ITEM
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Arizona Corporation Commission

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To the Arizona Corporation Commission 2012 Utilities Division 37
Docket number: E-01933A-11-0055

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AZ CORP COMMISSION
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Dear Commissioners. I am Robert Nicholas and represent JACO Environmental Inc. one of TEP selected implementation contractors. JACO specializes in the planning and implementation of refrigerator and freezer recycling/decommissioning programs. I know some of you are familiar with these programs as I remember when we kicked off the APS program in Phoenix a couple years back. Commissioners Pierce and Stump attended the event and seemed very supportive of the program. JACO offers recycling programs to utilities nationwide and currently has approximately 90 programs serving 175+ utilities. From large utilities like PG&E, ComEd and most recently Duke Energy, to small like Kootenai Electric in Idaho and City of Ashland in Oregon. However as mentioned and more importantly we currently serve SRP and APS here, within your state.

JACO and the Arizona sponsoring utilities, offer utility customers an opportunity to dispose of their old, energy hog appliances in the most efficient way possible, making for the best business case possible. This program design leads to greater energy efficiency, excellent customer service, job creation and a commonsense approach to environmental stewardship. Needless to say, we are very disappointed that TEP may not be able to launch its program as planned.

With our initial Arizona program starting at SRP in 2008 and then with the Commission's approval of the APS program in late 2009, we felt very confident that approval for TEP and UniSource program would be an obvious one, allowing more customers to have the same opportunity as being offered by SRP and APS. To date the JACO and TEP teams, including the executive group, program management, planning, implementation, and marketing staffs have put hundreds of hours into the planning and preparation to launch the project in early 2012, based on Commission approval sometime this December. To delay now would come at a significant cost to all parties involved.

Four Great Reasons to Start Now:

- Even though the recycling program is not the largest in the TEP/UniSource portfolio the program itself is extremely cost-effective, and has great "bang for the buck" In addition to helping defer more expensive generation plant construction, the program acquires substantial net positive societal benefits over and above net costs, and helps TEP achieve its part of the 2020 energy efficiency goals set by the Commission to reduce its cumulative energy sales by 22%. This makes energy efficiency a 'time is of the essence' decision.
- The program will add 3 additional jobs to Arizona. The program will add collection crews, cross docking facilities, warehouse crew staff from within the State.

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- If recovery is allowed, another large segment of Arizona customers will have the same chance as others to participate in a program that makes it easy and beneficial to have these large appliances responsibly recycled. Customers need to simply call-in or go on-line to sign up for service. Once scheduled, we remove the working unit from wherever it lies (no customer hassle to move it) and haul it to our recycling center. The customer also will receive a \$35 incentive for participation a small economic boost.
- A wise use of resources makes sense now - once at the recycling center, we proceed to a completely de-manufacture each unit. Over 95% of all the materials either get reused for new product or safely destroyed. Environmentally, we also extract, capture and destroy related CFC's within the foam insulation (a very potent green house gas) which demonstrates responsible destruction of the CFC's.

Other Considerations:

- Currently, there are several Arizona Utility Coops that are considering the program, of which a couple depend on the efficiencies gained by leveraging the TEP start up - Trico and Sulphur Springs.
- If we don't start TEP alongside UniSource, it will cost more to serve UniSource South and will increase costs to TEP overall.
- Statewide, TEP costs are very low, owing to the overall efficiencies we can leverage with APS and SRP., It would be very cost efficient to allow TEP to take advantage of these efficiencies at this time.

I urge the Commission to offer a revenue recovery mechanism for TEP's 2012/2013 new energy efficiency programs, allowing the same benefits to flow to TEP's customers that SRP and APS currently enjoy.

Thank you for your time and attention to my comments and the importance of this 'revenue recovery now' plea.

Sincerely,



Robert Nicholas
JACO Environmental Inc

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