

OPEN MEETING AGENDA ITEM



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**Arizona PIRG**  
Education Fund

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AZ CORP COMMISSION  
DOCKET CONTROL

Arizona Corporation Commission  
1200 W. Washington St.  
Phoenix, AZ 85007

Arizona Corporation Commission  
**DOCKETED**

JAN 9 2012

January 9, 2012

RE: Docket Number E-01933A-11-0055

DOCKETED BY

Dear members of the Arizona Corporation Commission,

Since our inception, the Arizona PIRG Education Fund has supported strong state, federal, and local energy efficiency programs due in part to the important customer and economic benefits these programs deliver. We have been very encouraged by recent energy efficiency efforts advanced by the Arizona Corporation Commission, including the adoption of the Electric and Gas Energy Efficiency Standards and the adoption of a full revenue decoupling mechanism in the Southwest Gas rate case.

Today, I write to offer comments on the Tucson Electric Power Company's (TEP) 2011-2012 Energy Efficiency Implementation Plan ("Plan"). The Arizona PIRG Education Fund supports the Commission Staff's recommendations to approve the Plan's cost-effective energy efficiency programs, especially those programs that leverage successful partnerships. We also are in agreement with Staff: We strongly oppose TEP's request for a waiver of the Electric Energy Efficiency Standard.

As you are aware, the Electric Energy Efficiency Standard was adopted with the unanimous support of Commissioners and overwhelming support from small businesses, organizational leaders, and citizens throughout Arizona. The reasons for adopting the Standard remain among the top reasons it should be preserved: The Standard will deliver substantial economic benefits to residential and business customers and will significantly reduce air pollution and other adverse public health impacts.

Achievement of the Standard is in alignment with the Arizona PIRG Education Fund's Three Principles for a robust Electric System:

**1. Access to safe, reliable, affordable electricity service.**

The goal of electricity regulation should be to provide adequate, reliable service to consumers at the lowest cost – including external costs such as public health, economic, and social impacts.

2. ***Balance of long-term and short-term consumer needs and diverse consumer classes.***  
Electricity rates should be designed to promote economically-efficient and socially responsible outcomes – including energy efficiency, rate stability, and the protection of low-income consumers.

3. ***Consumers should be assured that the public interest guides all decisions with regard to the electric system.***

System planning must take place in the public sphere, include ample opportunities for broad public participation in decision-making, and ensure that the views of small consumers are adequately represented and accounted for in the process.

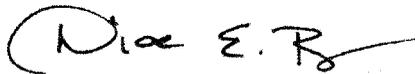
The energy efficiency opportunities in TEP's Plan found cost-effective by Commission Staff meet the aforementioned Principles. In particular, the Arizona PIRG Education Fund is supportive of programs that encourage more energy efficient homes and businesses, as the financial rewards of these programs are likely to persist for years. In addition, the proposed residential financing program will leverage private capital resources to spur energy efficiency investments while lowering ratepayer costs. Finally, the low income weatherization program can ensure cost efficiencies of related programs for our state.

The Arizona PIRG Education Fund supports budget flexibility for cost-effective energy efficiency programs. We believe that budget flexibility ensures that programs favored by ratepayers continue to operate. We are concerned that the imposition of restrictive caps could impact certainty to customers and to the utility. For these reasons, we favor program budget flexibility at 15%.

Finally, we have reviewed the Southwest Energy Efficiency Project's (SWEET) comments and proposed amendments and strongly encourage you to support them.

Thank you for your consideration of our comments.

Sincerely,

A handwritten signature in black ink, appearing to read "Diane E. Brown", with a stylized flourish at the end.

Diane E. Brown  
Executive Director