

ORIGINAL

OPEN MEETING AGENDA ITEM



0000134544

Antonio Gill

Tucson Electric Power

From: Jeffrey Lyng [jeffrey.lyng@tep.com] **E-01933A-11-0055**
Sent: Tuesday, February 14, 2012 2:53 PM
To: Pierce-Web
Cc: John LeSueur; Antonio Gill
Subject: The importance of timely approval of TEP's 2012 Energy Efficiency Plan

RECEIVED
AZ CORP COMMISSION
DOCKET CONTROL

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Chairman Pierce:

I am writing to urge the ACC to hear, and vote to approve, Tucson Electric Power's compromise Energy Efficiency Implementation Plan for 2012 before the end of the month.

I'm concerned that TEP's plan did not make it on the Open Meeting calendar for the February 14th/15th meeting. My understanding is that the plan may be heard in the March Open Meeting. As I mentioned in my comments in the January 10th Open Meeting on TEP's 2012 plan, regulatory uncertainty leads very directly to business uncertainty. An unnecessary two month delay in hearing a finalized settlement plan certainly constitutes uncertainty.

Opower is currently administering a Home Energy Report program for approximately 25,000 TEP customers. This program is saving bill payers hundreds of thousands of dollars each year on their energy bills. Unfortunately, I cannot advise our company to invest in new enhancements for TEP's Home Energy Reports program that may lead to even greater savings given the regulatory uncertainty of program funding for 2012 and 2013. For example, this program may be enhanced to allow 350,000 households to receive customized energy savings recommendations on the web, though this expansion cannot move forward unless the settlement plan is approved.

From my perspective, it seems clear that a compromise has been reached on TEP's Energy Efficiency Implementation Plan for 2012 as filed on January 31st with the Commission. I urge you to hear and vote to approve TEP's Modified 2012 Implementation Plan before the end of February.

Energy efficiency businesses cannot afford to wait until the end of the first fiscal quarter to know if they will have business in Arizona in 2012.

Thank you for your consideration of this matter,

--

Jeff Lyng

Arizona Corporation Commission
DOCKETED
FEB 27 2012
DOCKETED BY



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February 13, 2012

Gary Pierce, Chairman
Brenda Burns, Commissioner
Bob Stump, Commissioner
Paul Newman, Commissioner
Sandra Kennedy, Commissioner
1200 W. Washington
Phoenix, AZ 85007

VIA EMAIL

RE: Tucson Electric Power Energy Efficiency Implementation Plan Settlement in Principle

Dear Chairman Pierce and Commissioners:

On January 10, 2012, I participated, on behalf of EnerNOC, Inc., in an Arizona Corporation Commission Open Meeting to discuss various agenda items including Tucson Electric Power's (TEP's) 2011-2012 Energy Efficiency Implementation Plan (Docket No. E-01933A-11-0055). Staff's Recommended Order had disallowed recovery of lost revenues associated with implementing TEP's energy efficiency plan in this Docket, without prejudice, and deferred the lost revenue recovery issue to TEP's next general rate case, in conformance with the settlement reached in the previous rate case. In the interim, without the recovery of lost revenues associated with the implementation of the energy efficiency plan, TEP claimed that it would incur a significant reduction in its fixed cost recovery. TEP's counter-proposal was to either receive interim relief through recovery of the lost revenues or a waiver to the energy efficiency rules. If neither of those options was adopted, TEP asked for a hearing and raised concerns that adoption of the Staff's Recommended Order would be confiscatory. Several parties to the case raised constitutional concerns about the Commission's ability to provide interim rate relief outside of a general rate case. This is a difficult position to resolve for all of the parties.

EnerNOC is a program implementer of the Direct Load Control Program for commercial customers. While EnerNOC is very sympathetic to the untenable position that TEP is in where it faces financial hardship relative to conflicting regulatory directives, EnerNOC, and several other parties, were not supportive of a waiver because of the potential disruption to existing program implementation. Such disruptions could send a very mixed signal to implementers and customers alike as to the permanency and regulatory support of the energy efficiency rule and programs. However, EnerNOC would support a waiver if all other remedies are exhausted to prevent TEP from experiencing significant financial hardship.

On January 31, 2012, TEP submitted a Settlement-in-Principle (Settlement) where the parties appear to have reached a compromise. The Settlement would allow all existing and proposed, approved energy efficiency programs to move forward, but at a reduced budget of 25% relative to the budget proposed in Staff's Recommended Order. Despite the reduction in the budget for

the programs, the plan would still meet the annual energy efficiency targets¹. The Settlement also modifies the Performance Incentive Mechanism to reflect the proposal made by the Southwest Energy Efficiency Project (SWEET), as modified by Staff's Recommended Order. This seems to be a reasonable compromise of the parties' litigation positions. TEP has indicated, however, that the Arizonans for Electric Choice and Competition (AECC) and Staff may be filing comments relative to certain aspects of the Settlement. Also, if the Settlement is not approved, TEP seeks a waiver of the energy efficiency rules.

EnerNOC believes the Settlement is a fair and reasonable resolution to the disputed issues of the case and endorses the adoption of the settlement. Further, the Settlement obviates the need for a waiver. As such, I humbly request that the Commission consider and resolve this outstanding issue at your earliest convenience by adopting the Settlement. Failure to resolve the implementation plan in a timely manner will raise the same questions of commitment and certainty relative to the energy efficiency rules as does a waiver. Please stand by your commitment to the energy efficiency rules, in a manner that does not penalize TEP for having settled its previous general rate case. The longer the issue remains unresolved, the longer that TEP's financial uncertainties continue. Financial uncertainty is not good for TEP, the programs it implements, the implementers of those programs or the customers participating in those programs.

Please resolve the TEP 2011-2012 Energy Efficiency Implementation Plan by adopting the Settlement in February as soon as possible so that program implementers, like EnerNOC, have some certainty as to the program expectations for Summer 2012.

Respectfully submitted,

Mona Tierney-Lloyd
Director, Western Regulatory Affairs
EnerNOC, Inc.

¹ TEP did indicate that if the program performance was not as expected, it may still request a waiver.

February 16, 2012

Gary Pierce
Arizona Corporation Commission
1200 West Washington
Phoenix, AZ 85007

RE: Tucson Electric Power Company 2011-2012 Energy Efficiency Implementation Plan

Dear Chairman Pierce:

I recently presented at the Tucson Electric Power (TEP) hearing on January 10, 2012. My understanding is that a compromise position was agreed to by TEP and the parties intervening in their case and filed on January 31, 2012.

It is difficult for energy efficiency businesses like Ecova to have contracts in jeopardy as we start a new year. We have Arizona employees who lose their jobs if the contracts are scaled back or canceled, so needless to say the uncertainty creates concern with both businesses and the community. TEP has gained a lot of positive momentum with their energy efficiency programs. These programs are delivering the most cost-effective resources available and creating new jobs in the community. In order to maintain the momentum TEP has gained in the marketplace, I urge you to move forward with a hearing and vote to approve Tucson Electric Power's Modified 2012 Energy Efficiency Implementation Plan before the end of February.

Sincerely,

A handwritten signature in black ink, appearing to read "Ted Schultz". The signature is fluid and cursive, with a large, sweeping flourish at the end.

Ted Schultz

Ecova

SVP Strategy & Innovation

Antonio Gill

From: Tackett, Robert [Robert.Tackett@csgroup.com]
Sent: Wednesday, February 15, 2012 4:00 PM
To: Pierce-Web
Subject: TEP Energy Efficiency Implementation Plan

Dear Commissioner Pierce,

I was very disappointed to hear that the Commission chose to remove the continuation of the Tucson Electric Power's request for a cost recovery mechanism from today's meeting agenda.

As the Account Manager for the Conservation Services Group, I am called upon daily to educate contractors, homeowners, and others on the importance of energy conservation and how programs like the ones that TEP provides can help fulfill this need. The programs like the ones that CSG facilitates for APS, SRP, TEP, and UniSource provide the ratepayers with a means of lowering their bills, energy consumption, improving their quality of life, and providing a boost to the suffering economy in the state of Arizona. As a construction management professional in Arizona for over a decade, I have watched many companies in the construction industry struggle and eventually close. For many of the contractors that are affiliated with these energy efficiency programs, these programs are their primary way of keeping their employees in the workforce.

As a TEP ratepayer myself, I have been able to take advantage of some of the cost saving measures that these programs offer and have seen a dramatic decrease in my energy consumption and utility bills I pay. As a father of 3, who has been through 2 layoffs due to the reduction in the new construction workforce in the past 4 years, every penny I can save counts.

I am writing you in hopes that you and your fellow commissioners will find the time this month to come together with Tucson Electric power and find some reasonable resolution to their request for a cost recovery mechanism to help keep programs like these in effect.

Regards,

Robert Tackett

Sr. Account Manager
Conservation Services Group
7670 E. Broadway, Suite 308
Tucson, AZ 85710

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CERTIFIED
PROFESSIONAL

Antonio Gill

From: Richter, Vanessa [Vanessa.Richter@csggrp.com]
Sent: Wednesday, February 15, 2012 12:09 PM
To: Pierce-Web
Subject: TEP Implementation Plan, with rate recovery mechanism
Importance: High

Dear Commissioner Pierce,

On January 9, 2012, CSG's CEO Steven Cowell was one of many who testified in favor of the Commission granting Tucson Electric Power a rate relief mechanism in order to move forward on their energy efficiency programs in 2012 and beyond. As the Southwest Regional Vice President for CSG and an Arizona native and TEP ratepayer, I was disappointed to hear that the continuation of this item was removed from today's meeting agenda. Please make it a priority for you and your fellow Commissioners to find room in your busy schedules to complete this business before the end of February.

As you know, CSG currently serves ratepayers through program with TEP, Unisource, APS and SRP. We are hopeful that the Commission and TEP can reach a reasonable resolution to this issue, so those ratepayers can continue to be served in the TEP service territory. Additionally, I am looking forward to continuing to work with our 100+ participating contractors, my 16 staff members in AZ, and affiliated companies to bring good services to Arizona residents and local jobs to Arizona.

Please let me know if you have any questions or would like to discuss this further.

Sincerely,

Vanessa A. Richter, PE
BPI BA, HERS, LEED AP

Regional Vice President, Pacific Southwest
Conservation Service Group
7670 E. Broadway Blvd, Suite 308
Tucson, AZ 85710
520-334-4101 (o)
520-271-7263 (m)

Antonio Gill

From: Bob Nicholas [bobn@jacoinc.net]
Sent: Tuesday, February 14, 2012 4:17 PM
To: Pierce-Web
Subject: TEP Rate Recovery Mechanism Approval

Dear Commissioner Pierce:

On January 9, 2012, I was one of many who testified in favor of the Commission granting Tucson Electric Power a rate relief mechanism in order to move forward on their and the State's important energy efficiency programs. I have come to realize that your schedules are very busy and that this item was removed this week's meeting agenda. I want to urge you and your fellow Commissioners to find room in your busy schedule to complete this business before the month's end if at all possible.

As you know, we currently serve many of Arizona's customers through APS and SRP. However, that leaves customers of TEP, UniSource and a few other smaller utilities without the option to participate. We hope we can extend the offer to these folks as well while creating as many AZ jobs as possible.

My Best and know that you and your fellow Commissioners are welcome to tour our facilities in Phoenix again at any time.

Sincerely,

Bob

Robert Nicholas
Business Development
JACO Environmental Inc.
425.754.4894
www.jacoinc.net



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