

ORIGINAL
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IN THE MATTER OF THE APPLICATION
OF TUCSON ELECTRIC POWER
COMPANY FOR APPROVAL OF ITS
2011-2012 ENERGY EFFICIENCY
IMPLEMENTATION PLAN

DOCKET NO. E-01933A-11-0055

SWEEP REVISED ATTACHMENT A

SWEEP REVISED ATTACHMENT A

The Southwest Energy Efficiency Project ("SWEEP") appreciates the opportunity to provide SWEEP Revised Attachment A. The revised attachment includes an updated table for the TEP 2012 Interim Performance Incentive Structure.

Thank you for the opportunity to submit these comments.

Respectfully submitted this 16th day of March 2012 by:

Jeff Schlegel & Ellen Zuckerman
Southwest Energy Efficiency Project

ORIGINAL and thirteen (13) copies filed this 16th day of March 2012 with:

Docket Control
ARIZONA CORPORATION COMMISSION
1200 West Washington Street
Phoenix, Arizona 85007

COPIES of the foregoing sent via email and/or mail on or before this 16th day of March 2012, to:

All Parties of Record

Arizona Corporation Commission

DOCKETED

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SWEEP REVISED COMMENTS – REVISED ATTACHMENT A

Tucson Electric Power Company
2011-2012 Energy Efficiency Implementation Plan
Docket No. E-01933A-11-0055

Proposed SWEEP Amendment #1

(To Company's Proposed Modified Implementation Plan, filed January 31, 2012)

Note: This Proposed SWEEP Amendment #1 begins with Proposed Staff Amendment No. 4, which was attached to the Staff Update filed on February 29, 2012, and incorporates proposed language changes and additions recommended by SWEEP.

Page 63, Line 23, After "Plan" INSERT " , as modified by the Commission,"

Page 65, Line 6, After "implemented." INSERT:

"This Interim Performance Incentive is a one-time performance incentive that is not precedent setting. It will remain in effect no later than the effective date of the rates approved in the final order of the Commission in the Company's next general rate case.

Page 65, Line 7, DELETE "7% of net benefits" and REPLACE WITH:

"a performance incentive for achieving annual energy savings"

Page 65, Line 9, After "will" DELETE "be banded at 80% to 120% of the target performance incentive of \$7,246,379." and REPLACE WITH:

"have a target performance incentive of \$7,246,379, with a hard dollar cap at 120% of the target, equal to \$8,695,654. With the exception of the hard dollar cap, the Company's Interim Performance Incentive should track its actual achievements with respect to both Annual Energy Savings and Other Performance Metrics. In addition, if the actual and verifiable Annual Energy Savings achieved and actual performance on Other Performance Metrics are less than 80% of Goal, TEP should be reimbursed for its prudently incurred costs associated with the portfolio, but should receive no Interim Performance Incentive. "

Page 65, Line 10, INSERT NEW SENTENCE (at beginning of Line 10):

“The target performance incentive for the annual energy savings portion of the total performance incentive shall be set at 100% of the energy savings set forth in the Modified Plan, with an overall target performance incentive amount of \$7,246,379. If TEP achieves 100% of the annual energy savings set forth in the Modified Plan, plus 100% of the planned performance under the Other Performance Metrics, TEP would earn a performance incentive at 100% of the target incentive, equal to \$7,246,379.”

Page 65, Lines 10-11, DELETE “another mechanism approved by the Commission” and **REPLACE WITH:**

“a Commission-approved new performance incentive that shall be in place no later than the effective date of new rates ordered by the Commission during the Company’s next general rate case.”

On Pages 65-66, DELETE TEP 2012 Interim Performance Incentive Structure Table and REPLACE WITH:

TEP 2012 Interim Performance Incentive Structure			
DSM Program Year 2012			
Part I – Base Performance Incentive			
(1)	Target Incentive for Energy Savings at 100% of Goal		\$4,846,379
Part II – Other Performance Metrics		Target Number	Dollars
(a)	Net benefit per customer dollar spent (net benefits/actual spending)	\$3.74	\$1,500,000
(b)	Community workshops – 80 community weatherization workshops	80	\$150,000
(c)	Community outreach – monthly outreach to Seniors on EE	12	\$150,000
(d)	Loan program – train 25 contractors on TEP’s new loan program	25	\$150,000
(e)	Multi-family units – energy measures installed in 625 units	625	\$150,000
(f)	Low Income Weatherization – 15% increase in participation over 2011	178	\$150,000
(g)	Small Business – 15% increase in energy saving over 2011 (MWh)	TBD by evaluation	\$150,000
Other Performance Metrics at 100% of Goal			\$2,400,000

Total New Performance Incentive for 2012			
	At 80% of Goal (threshold)		\$5,797,103
	At 100% of Goal (target)		\$7,246,379
	At 120% of Goal (cap)		\$8,695,654

Page 67, Line 5, After “Implementation Plan.” INSERT:

“However, TEP will file for a reset of the DSM adjustor mechanism in April of 2013, and include a true-up of the Interim Performance Incentive based on actual performance achieved, as well as a true-up of any over- or under-collection. Included with the reset filing must be information supporting the actual performance claimed for purposes of calculating the true-up.”

Page 68, Line 1, After “Plan” INSERT “, as modified above,”

Page 73, Line 19, INSERT New Section and New Ordering Paragraphs:

“2013 Implementation Plan

IT IS FURTHER ORDERED that instead of filing a waiver TEP shall propose and file for Commission consideration a modification of this Modified Implementation Plan for 2013, for the purposes of adding or modifying programs and related program specific budgets to achieve the cumulative annual energy savings requirements set forth by the Energy Efficiency Standard for 2013.

IT IS FURTHER ORDERED that the Company shall propose and file for Commission consideration a new performance incentive that shall be in place no later than the effective date of new rates ordered by the Commission during the Company’s next general rate case.”

Page 73, Line 22, After “Modified Implementation Plan” INSERT “, as modified herein”

Page 74, Line 27, INSERT new ordering paragraphs:

IT IS FURTHER ORDERED that the independent third-party consultant retained by Staff shall work with Staff, Tucson Electric Power Company, and interested stakeholders to resolve any outstanding issues surrounding the calculation of net benefits before TEP files for a reset of the DSM adjustor mechanism in April of 2013.