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PIERCE PROPOSED AMENDMENT # 1 RECEIVED
AZ CORP COMMISSION

DATE PREPARED: March 16, 2012 DOCKET CONTROL

2012 MAR 16 AM 9 53

COMPANY: Tucson Electric Power

DOCKET NOS: E-01933A-11-0055

OPEN MEETING DATES: March 16, 2012

AGENDA ITEM: U-6

Page 68, line 28, INSERT:

- Exemption from DSMS – Any customer taking retail electric service from TEP at a voltage level of 46kV or above, and who spends a minimum of \$10,000,000 annually on company-wide energy efficiency programs, can request that the Commission grant an exemption to that customer from the DSMS and provisions of A.A.C. R14-2-2408(E). Such exemption may be granted by the Commission pursuant to A.A.C. R14-2-2419.A.
- Waivers – In order to effectuate the exemption of any high voltage customer from the DSMS, the Commission hereby grants certain waivers to TEP from the Electric Energy Efficiency Standard Rules. This includes provisions in the Rules that require TEP to collect the DSMS from all customer classes (A.A.C. R14-2-2408.C), or that requires TEP to achieve energy efficiency targets based on total retail kilowatt hours sold. The retail kilowatt hours sold to any exempt customer shall not be counted as part of TEP’s total kilowatt hours sold for purposes of calculating the cumulative energy savings, as set forth in A.A.C. R14-2-2404.

Page 69, line 12, INSERT:

“, except those customers specifically exempt from the Electric Energy Efficiency Standard Rules.”

Arizona Corporation Commission

DOCKETED

MAR 16 2012

DOCKETED BY	
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THIS AMENDMENT:		
_____ Passed _____	Passed as amended by _____	
_____ Failed _____	Not Offered	_____ Withdrawn

Page 69, line 13, INSERT:

264. We also believe that certain retail customers should be exempt from the DSMS. Any large industrial customer taking service at a voltage level of 46kV or above – and spends \$10,000,000 or more annually on company-wide energy efficiency programs – does not stand to benefit under the self-direction provisions of the EEES rules. Furthermore, it is unlikely that TEP can incent new energy efficiency savings from such customers. Therefore, the Commission grants an exemption from the DSMS to all retail customers taking service at 46kV or above, and who spends at least \$10,000,000 annually on company-wide energy efficiency programs, pursuant to a waiver granted under A.A.C. R14-2-2419.A. The grant of any exemption must be predicated on the following safeguards:
- The exempt customer will still be required to pay its pro-rata share of TEP’s administrative costs associated with implementing its 20 12 and 20 1 3 energy efficiency programs; and
 - The exempt customer must spend \$10,000,000 or more annually on company-wide energy efficiency programs.
265. So that TEP and its other retail customers are not adversely affected by any exemption granted pursuant to A.A.C. R14-2-2419(A), the Commission hereby grants TEP a waiver from A.A.C. R14-2-2404 for purposes of calculating cumulative energy savings by deducting the total kWh amount of retail electric energy sold annually to exempt customers when calculating cumulative energy savings in any given calendar year.
266. On March 9, 2012, Freeport-McMoRan Copper & Gold, Inc. (“Freeport”) submitted a request for exemption from the provisions of A.A.C. R14-2-2408(E), and participating in TEP’s energy efficiency programs. We find that Freeport should be granted the exemption requested, for good cause shown, pursuant to A.A.C. R14-2-2419(A).

Page 69, line 21, INSERT:

4. The Commission concludes that it is in the public interest to exempt retail electric customers taking service at a voltage level of 46kV or above, and spends \$10,000,000 annually or more on company-wide energy efficiency programs, from the DSMS. This exemption is granted pursuant to the Rules’ waiver provisions in A.A.C. R14-2-2419(A).
5. The Commission also concludes that it is in the public interest to grant TEP a partial waiver from A.A.C. R14-2-2404, and to remove any retail electric energy sales to exempt customers from the calculation required to determine cumulative energy savings in any one given year, or through 2020.

THIS AMENDMENT:		
_____ Passed _____	Passed as amended by _____	
_____ Failed	_____ Not Offered	_____ Withdrawn

Page 70, line 1, INSERT:

“IT IS FURTHER ORDERED that retail customers taking service at a voltage level of 46kV or above, and spends at least \$10,000,000 annual on company-wide energy efficiency programs, may be exempt from paying the DSMS upon proper application to the Commission.

“IT IS FURTHER ORDERED that in calculating its cumulative energy savings on an annual basis, TEP shall be entitled to subtract the kWhs sold to exempt customers from its calculations. TEP is hereby granted a partial waiver from A.A.C. R14-2-2404.

IT IS FURTHER ORDERED that Freeport-McMoRan Copper & Gold is hereby granted an exemption from the Electric Energy Efficiency Standard Rules, and therefore does not have to pay the DSMS except for its pro-rata share of TEP’s administrative costs associated with implementing its 2012 and 2013 energy efficiency programs.

ALL CONFORMING CHANGES

THIS AMENDMENT:		
_____ Passed _____	Passed as amended by _____	
_____ Failed _____	Not Offered _____	_____ Withdrawn _____