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BEFORE THE ARIZONA CORPORATION



Arizona Corporation Commission

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IN THE MATTER OF THE APPLICATION OF )  
 TRICO ELECTRIC COOPERATIVE, INC. FOR )  
 APPROVAL OF ITS ELECTRIC ENERGY )  
 EFFICIENCY IMPLEMENTATION PLAN FOR )  
 2012 AND 2013. )  
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DOCKET NO. E-01461A-11-0230

UPDATE TO APPLICATION AND REQUEST FOR PARTIAL WAIVER

Trico Electric Cooperative, Inc. ("Trico" or "Cooperative") files the attached "Electric Energy Efficiency Implementation Plan for calendar years 2013 and 2014" ("2013-2014 EE Plan"). Trico filed an Electric Energy Efficiency Implementation Plan for calendar years 2012 and 2013 (the "2012-2013 EE Plan"), on June 1, 2011. However the 2012-2013 EE Plan has not yet received Arizona Corporation Commission ("Commission") approval. Due to the passage of time, Trico believes it appropriate to replace the previously filed 2012-2013 EE Plan with the 2013-2014 EE Plan.

Therefore, the 2013-2014 EE Plan: (i) updates the proposed programs to reflect a program start date of January 1, 2013 – with the corresponding program savings calculations; (ii) updates the program proposals with the most current information; and (iii) requests a waiver from meeting the Electric Energy Efficiency ("EE") Standards in 2013 and 2014, as well as a waiver from meeting the cumulative standard through 2020.

I. Background.

Trico is an Arizona nonprofit corporation that is certified to provide electricity as a public service corporation in the State of Arizona. Trico serves approximately 40,000 customers – 95% of whom are residential customers. Trico currently has a Demand Side Management ("DSM")

1 portfolio and DSM adjustor rate mechanism in place and approved in Decision No. 71230 (August  
2 6, 2009). Trico's 2013-2014 EE Plan includes existing programs as well as new programs.

3 The Commission approved the Electric Energy Efficiency Rules ("EE Rules") in Decision  
4 71819 (August 10, 2010). On November 1, 2010, the Arizona Attorney General's Office approved  
5 the EE Rules, and the rules became effective January 1, 2011. Electric distribution cooperatives  
6 had until June 1 to file their respective plans. Trico had submitted its 2012-2013 EE Plan on June  
7 1, 2011, in accordance with A.A.C. R14-2-2418. Due to the length of time that has passed, and the  
8 fact that Trico has not received approval of its plan, Trico believed it appropriate to update the  
9 plan for 2013 and 2014.

10 **II. 2013-2014 EE Plan Program Updates.**

11 Trico has prepared an updated plan in which it has reviewed the previously proposed  
12 programs and assessed the structure and implementation as well as the associated savings  
13 calculations. As a result of the analysis, Trico is proposing to modify its previously filed EE  
14 program portfolio to remove two existing programs: (i) the Residential Energy Audit Program;  
15 and (ii) the Non-Residential Energy Audit Program – due to low program participation and lower  
16 than anticipated energy savings. In place of these programs, Trico proposes an Efficient Products  
17 Program whereby Trico would provide rebates to its customers for the installation of new, more  
18 efficient products in their homes, or to upgrade and repair existing items in their home that would  
19 lead to energy savings.

20 Trico believes that its existing and new programs will provide a total of approximately  
21 5,219,186 kWh savings in 2013; and 9,458,812 kWh savings in 2014.<sup>1</sup> These savings fall short of  
22 the standards required by A.A.C. R14-2-2418 (which is that cooperatives obtain at least 75% of  
23 the savings goals specified in A.A.C. R14-2-2404). While the savings goals for Trico and other  
24 cooperatives in the Electric Energy Efficiency Rules for Trico would be 3.75% in 2013 (of  
25 projected 2012 kWh sales) and 5.438% in 2014 (of projected 2013 kWh sales), Trico believes the  
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<sup>1</sup> See Exhibit 4 of the 2013-2014 EE Plan that details these savings.

1 savings it will be able to achieve equate to 0.784% in 2013 (of 2012 projected kWh sales) and  
2 1.297% in 2014 (of projected 2013 kWh sales). To the extent Trico does fall short of the savings,  
3 the Company seeks a partial waiver under A.A.C. R14-2-2419 from the requirements in 2013 and  
4 2014 as well as from meeting the cumulative standards requirement of 16.50% by 2020.

5 **III. EE Standards Waiver Request.**

6 **A. Waiver from standards for 2013 and 2014.**

7 Trico maintains that it is proposing a portfolio of programs likely to be successful within  
8 its service territory for its customer base. Trico has proposed cost-effective programs towards the  
9 objective of reducing energy use and reducing peak demand. Trico believes its 2013-2014 EE  
10 Plan will maximize the potential for energy efficiency savings in a cost-effective manner. Given  
11 the particulars of Trico's customer base and service territory, Trico has explored and chosen  
12 programs that will be the most attractive to its customers while not being unduly burdensome to  
13 the Company or its customers. Because Trico is proposing to implement any and all programs to  
14 maximize the potential within its service territory for electric energy efficiency savings, the  
15 Company still believes a partial waiver is reasonable, appropriate and in the public interest.

16 **B. Waiver from cumulative standard.**

17 Since the EE rule requirement is a cumulative requirement that extends to the year 2020,  
18 the difference between the EE requirement and what Trico will be able to achieve will accumulate  
19 in each year thereafter until the year 2020. Consequently, Trico also requests a waiver from the  
20 cumulative EE Standards requirements through 2020 (16.5%) for the following reasons. First,  
21 Trico has proposed an EE goal, budget and surcharge that it believes is cost effective and  
22 appropriate for its members and service area – based on the almost 20 years of experience having  
23 an active and effective DSM and EE program portfolio.

24 Second, substantial increases to Trico's proposed budget and surcharge would be necessary  
25 to achieve further EE savings. Trico believes that a surcharge increase will result in a higher  
26 financial burden for Trico's customers at a time when the local economy has not recovered from a  
27 recession. Increasing the surcharge for non-cost-effective programs with limited opportunity for

1 further savings is not in the interest of Trico or its members. Trico believes its proposed EE budget  
2 and surcharge are appropriate for its members.

3 Third, simply increasing the amount of the surcharge to increase the Cooperative's budget  
4 will also not in itself ensure compliance with the EE Standards due to the fact that all EE programs  
5 are voluntary. Programs that are not geared to Trico's customer base will not be successful. So it  
6 does not make sense to increase the surcharge for additional programs that are unlikely to attract  
7 participation from Trico customers.

8 Fourth, according to statements made by Commission Staff during the Open Meeting held  
9 on July 18, 2012, the Cooperative would not be in compliance with the EE Rules if a waiver is not  
10 granted. The Commission could grant the Cooperative a partial waiver for only the 2013 and 2014  
11 EE requirements. However, without EE programs that can be used to meet the EE Rules  
12 requirements in a cost-effective manner, the Cooperative may not be able to catch-up with the EE  
13 requirements, and would be placed in a position where it will need to file for waivers each time it  
14 files an EE plan.

15 Finally, Trico notes that the Commission approved – in Decision No. 73257 (July 30,  
16 2012) – a waiver for Graham County Electric Cooperative from meeting the cumulative EE  
17 Standards requirement of 16.50%. The Commission noted in that decision that a one-size-fits-all  
18 approach is not the best way to meet energy efficiency goals. Trico has a different customer profile  
19 than other electric utilities in the state – including only 5% of its customer base that are  
20 commercial and industrial customers. It is unlikely that Trico will be able to meet the cumulative  
21 standard of 16.50% given the unique facts and circumstances of its customer profile and service  
22 territory.

23 Further, if Trico receives a waiver of the cumulative EE Standards requirement, it would  
24 then agree to file a biannual EE plan in compliance with the EE Standards – as a condition of the  
25 waiver. Such a plan will contain EE goals, a budget and a surcharge that is appropriate for its  
26 members and service area. Commission Staff, other interested parties and customers will also  
27 have the opportunity to provide comments and recommendations on Trico's plan as a part of the

1 Commission-approval process. As new EE programs and technologies become available, these  
2 can be added to Trico's plan. With these conditions, the waiver granted to Trico will be similar to  
3 the waiver that Trico has under the Renewable Energy Standard and Tariff ("REST") rules. Even  
4 with the waiver, Trico remains committed to maximizing the potential for energy efficiency within  
5 its service territory.

6 **IV. 2013-2014 EE Plan Budget and Tariff.**

7 Trico maintains its proposal for the same surcharge tariff rate of \$0.000356 (as an increase  
8 from the current DSM surcharge rate of \$0.000191356 per kWh). Trico projects its overall budget  
9 of \$262,687 for 2013 and \$266,173 for 2014 (updated for forecasted energy sales), to fund its  
10 existing and new programs in 2013 and 2014. Although the surcharge is proposed to remain the  
11 same in both years of the plan, the EE Plan Budget for 2014 would increase slightly, assuming an  
12 increase in annual kWh sales, which Trico currently projects. A more detailed budget, by program,  
13 as well as a table summarizing the impact on residential customers is included in the Company's  
14 2013-2014 EE Plan.<sup>2</sup>

15 **V. Conclusion.**

16 WHEREFORE, for the reasons set forth herein, Trico respectfully requests that the  
17 Commission issue an Order:

- 18 (1) Approving Trico's 2013-2014 EE Plan, including all of its proposed programs;
- 19 (2) Approving a waiver from meeting the Electric Energy Efficiency ("EE") Standards  
20 in 2013 and 2014, as well as a waiver from meeting the cumulative standard  
21 through 2020;
- 22 (3) Approving Trico's proposed budgets for its energy efficiency programs for 2013  
23 and 2014 with the ability for Trico to move funds between programs as deemed  
24 necessary by program activity;

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<sup>2</sup> These are Exhibits 2 and 3 to the 2013-2014 EE Plan.

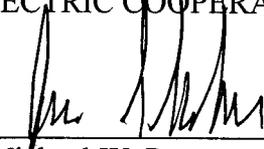
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- (4) Approving the proposed DSM surcharge energy rate of \$0.000356 per kWh in 2013 and 2014; and
- (5) Grant any other approvals regarding the Company's 2013-2014 EE Plan as may be necessary, just and reasonable.

RESPECTFULLY SUBMITTED this 13<sup>th</sup> day of August 2012.

TRICO ELECTRIC COOPERATIVE, INC.

By   
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**Trico Electric Cooperative, Inc.**

**2013 -2014**

**Electric Energy Efficiency**

**Implementation Plan**

**A.A.C. R14-2-2405**

**August 10, 2012**

## TABLE OF CONTENTS

<b>A.</b>	<b>Background</b>	<b>3</b>
<b>B.</b>	<b>Program Portfolio Overview</b>	<b>3</b>
<b>C.</b>	<b>Energy Efficiency/Demand Side Management Programs</b>	<b>6</b>
<b>I.</b>	<b>Residential Customer Programs</b>	<b>6</b>
<b>II.</b>	<b>Commercial/Industrial Programs</b>	<b>13</b>
<b>D.</b>	<b>Support Programs</b>	<b>15</b>
<b>E.</b>	<b>Program Development, Monitoring and Management</b>	<b>16</b>
<b>F.</b>	<b>EE Plan Budget, Projected Energy Savings and Tariff</b>	<b>17</b>
<b>G.</b>	<b>Other Administrative</b>	<b>19</b>

### **Exhibits**

- Exhibit 1 – 2013-2014 EE Plan Benefit/Cost Analysis
- Exhibit 2 - 2013-2014 EE Plan Budget
- Exhibit 3 - Comparison of Existing and Proposed Rates – Residential
- Exhibit 4 - Projected DSM/EE Program Energy Savings

### **Appendices**

- Appendix 1 - Demand Side Management Adjustment - Schedule DSMA

## **A. Background**

Trico Electric Cooperative, Inc. (“Trico”) has prepared this Electric Energy Efficiency Implementation Plan for calendar years 2013 and 2014 (the “2013-2014 EE Plan”), pursuant to the Arizona Administrative Code R14-2-2418 (“EE Standards”), which addresses compliance for electric distribution cooperatives.

Trico’s current Demand Side Management (“DSM”) portfolio and its DSM adjustor rate mechanism were approved by the Arizona Corporation Commission (“Commission”) in Decision No. 71230, dated August 6, 2009 (“2009 Rate Case”). As further discussed below, the 2013-2014 EE Plan includes an increase to the DSM adjustor rate mechanism and associated tariff. Trico filed an Electric Energy Efficiency Implementation Plan for calendar years 2012 and 2013 (the “2012-2013 EE Plan”), on June 1, 2011, however the 2012-2013 EE Plan has not yet received Commission action. Trico’s intent is to replace the previously filed 2012-2013 EE Plan with this 2013-2014 EE Plan, which updates and supplements its programs with the most recent information.

## **B. Program Portfolio Overview**

The 2013-2014 EE Plan includes the continuance of most of the existing DSM and Energy Efficiency (“EE”) Programs offered by Trico while also increasing its program portfolio. In the Trico 2009 Rate Case, the Commission Staff recommended that Trico study additional DSM programs, in particular a Compact Florescent Light bulb (CFL) program. In response to this recommendation and the new EE Standards, Trico is proposing to introduce several new DSM/EE Programs.

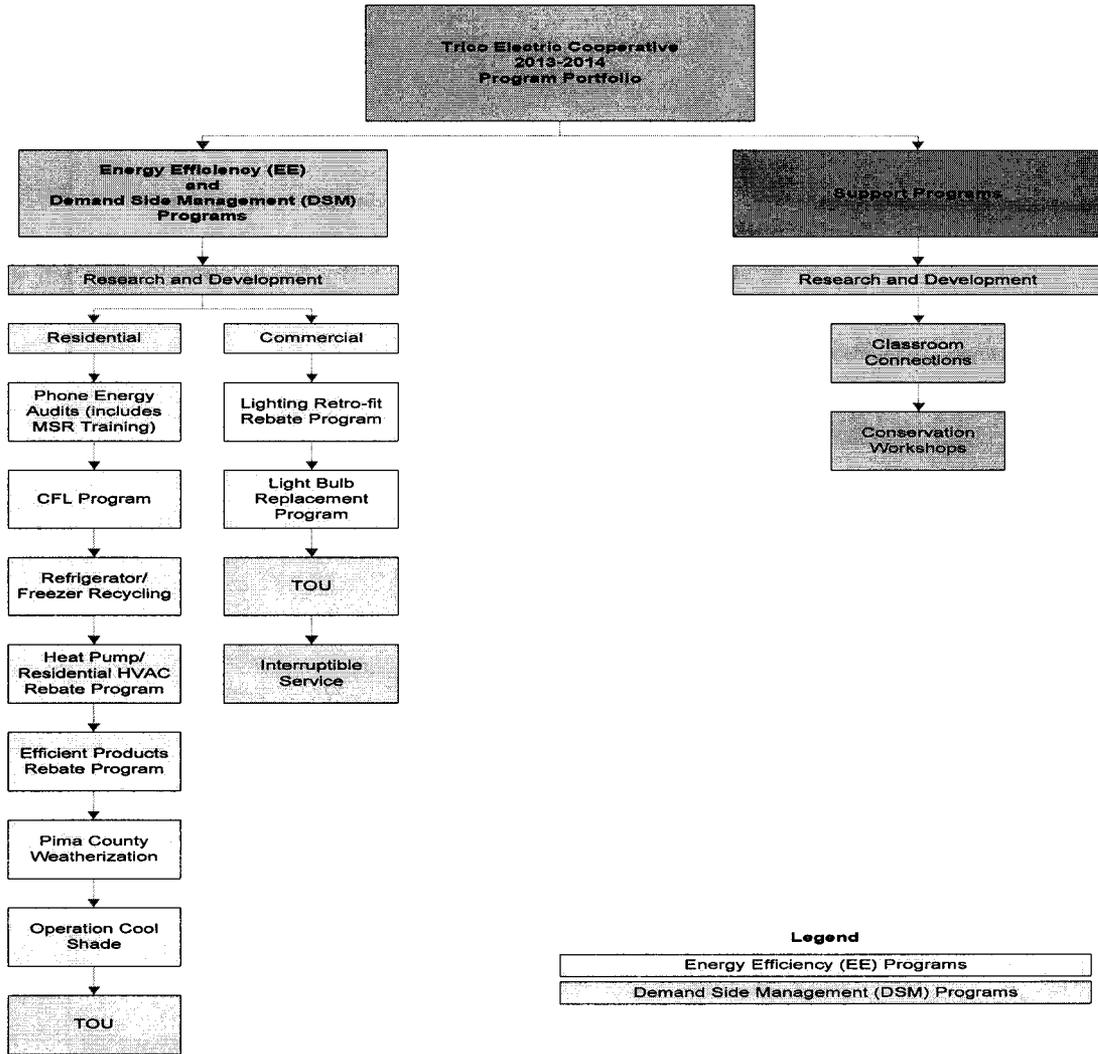
Existing Programs: Trico's existing programs include: (1) Classroom Connections; (2) MSR Energy Training/Phone Energy Audits; (3) Residential Energy Audits; (4) Non-Residential Energy Audits; (5) Conservation Workshops; (6) Pima County Weatherization; (7) Operation Cool Shade; (8) Time of Use Rates; (9) Interruptible Rates.

All of the above mentioned programs are proposed to continue in Trico's 2013-2014 EE Plan except for programs: (3) Residential Energy Audits and (4) Non-Residential Energy Audits. Trico has completed analysis of the costs, benefits and overall participation in these two (2) programs which indicates that the budget for these programs would be more effectively utilized though a proposed Efficient Product Rebate Program, as described in more detail in Section I.e. below.

Proposed New Programs: Trico's proposed new programs include: (1) Residential/Commercial Lighting (CFL/Retro-fit) Program; (2) Refrigerator/Freezer Recycling Program; (3) Heat Pump/Residential HVAC Program; and (4) Efficient Product Rebate Program.

Portfolio Summary: Figure 2-1 below illustrates Trico's proposed 2013-2014 EE Plan Program Portfolio ("Program Portfolio"). The Program Portfolio includes the EE and DSM programs proposed by customer class and the support programs available to all of Trico's customers.

**Figure 2-1. Trico Program Portfolio**



Goals and Objectives: Trico’s 2013-2014 EE Plan goals and objectives are as follows:

- Implement EE and DSM programs that are cost-effective and maintainable given Trico’s resources and budget.
- Look for ways to coordinate current and future EE and DSM program opportunities with other electric utilities in Trico’s immediate and surrounding service territory.

- Utilize Trico’s proven marketing techniques to educate its customers on how to better conserve energy usage through behavior modifications and other energy conservation measures.

Benefit/Cost Analysis: Exhibit 1 entitled “2013-2014 EE Plan Benefit/Cost Analysis” includes a summary of the societal cost/benefit ratios as well as the energy and environmental savings associated with each program included in Trico’s Program Portfolio.

### **C. Energy Efficiency/Demand Side Management Programs**

There are several programs that make up the EE and DSM portion of Trico’s 2013-2014 EE Plan, which include: Member Service Representative (MSR) Phone Energy Audit Program, Residential and Commercial/Industrial Lighting Programs, Refrigerator/Freezer Recycling Program, Heat Pump/Residential HVAC Rebate Program, Efficient Product Program, Operation Cool Shade Tree Program, Pima County Weatherization Program, Residential and General Service Time of Use Rate Programs and Interruptible Service Rate Program.

As part of Trico’s Program Portfolio, there are Support Programs included that are offered to provide education and outreach to Trico customers. These Support Programs include: the Classroom Connections Program and the Energy Conservation Workshop Program. Each of the EE and DSM Programs as well as the Support Programs is described below.

#### **I. Residential Customer Programs**

##### **a. Member Service Representative (MSR) Phone Energy Audit Program:**

This is an existing program that consists of a seven-hour workshop/training program that continues educating Trico’s MSRs about

on-going advances in energy-savings techniques, thus enabling the MSRs to better assist Trico members in using energy more efficiently.

The workshop teaches MSRs to conduct detailed telephone surveys of a customer's electricity usage, including the size of the home, the number and size of appliances in the home, as well as the size and type of heating, ventilation and cooling used in the home. The MSR also learns how to review the customer's daily habits and appliance operation. The MSR is then taught how to take this information and use it to make recommendations that will result in the customer using less energy on a day-to-day basis.

Such recommendations are made when a customer calls Trico with a high bill inquiry or when a customer requests information about energy saving/bill reduction opportunities. Written documentation is saved into Trico's customer database and can be provided to the customer upon request.

This program will continue to be managed, marketed and advertised by Trico, with the possibility of some program management assistance to be provided by a third party implementation contractor, should the interest in this program grow to levels that exceed the capabilities of internal Trico employees. This program will be available until such time as the budget for the program is exhausted.

**b. Residential Lighting Program**

This program will be new to Trico with the approval of its 2013-2014 EE Plan. The purpose of this program is to promote the installation of high-efficiency Compact Fluorescent Light bulbs (CFLs) in homes within the Trico service territory. The program will include the distribution of CFLs to residential customers at Trico sponsored events, in the Trico service territory. Such events would include, but not be limited to the Trico Annual Meeting and Trico Town Hall meetings.

This program will be managed, marketed and advertised by Trico. Trico plans to pool its purchases with other utilities, when possible, in an effort to lower light bulb costs and maximize promotion. This program will be available until such time as the budget for the program is exhausted.

**c. Refrigerator/Freezer Recycling Program**

This program will be new to Trico with the approval of its 2013-2014 EE Plan. The purpose of this program is to remove secondary old refrigerators and freezers from customer's homes. Further, these refrigerators and freezers will be recycled through a process that captures all the hazardous materials (including CFC-11 and CFC-12, oils, PCBs, mercury) and recycles as much material as possible (approximately 95%).

This program will be marketed and advertised primarily by Trico, but the appliance pickup and recycling services as well as the tracking of the appliances recycled and the savings associated with such recycling will

be managed by a third party implementation contractor. As is the case with the Residential Lighting Program, Trico plans to pool its efforts with other utilities, as applicable, to allow Trico to maximize promotion and minimize cost in addition to offering the service. Trico will provide a rebate to its customers per unit recycled to incentivize participation in the program. The rebates will be provided until such time as the budget for the program is exhausted.

**d. Heat Pump/Residential Heating Ventilation and Air Conditioning (HVAC) Rebate Program**

This program targets existing homes in the Trico service territory that are in need of energy efficiency improvements specifically in the area of heating and cooling. This program will provide rebates to Trico customers for those high efficiency heat pump and residential Heating Ventilation and Air Conditioning (HVAC) systems purchased and installed in existing homes in the Trico service territory that exceed the federal minimum efficiency standards.

A Trico approved contractor may install or provide qualifying equipment to Trico customers. The rebates for such installations will be provided based on the increase in Seasonal Energy Efficiency Ratio (SEER) above the federal minimum efficiency standard of 13 SEER.

This program will be managed, marketed and advertised by Trico, as well as by Trico approved contractors. This program will be available until such time as the budget for the program is exhausted.

**e. Efficient Products Program**

This program will be new to Trico with the approval of its 2013-2014 EE Plan. The goal of this program is to provide a rebate to Trico customers for the installation of new, more efficient products in their homes or to upgrade and/or repair existing items in their home that would lead to energy savings. Such items and upgrades would include window solar/shade screens, air sealing and attic insulation as well as duct sealing. Rebates will be capped at \$150 per product, upgrade or repair with a maximum of \$450 per customer.

This program will be managed, marketed and advertised by Trico, as well as by Trico approved contractors and will be available until such time as the budget for the program is exhausted.

**f. Pima County Weatherization Program**

For Trico's 2013-2014 EE Plan, it plans to provide \$10,000 each year to the Pima County Weatherization program. The goal of this program is to improve energy efficiency in homes in the Trico service area by assisting low-income residents in reducing energy use and lowering their utility bills by implementing year-round weatherization measures. This program is provided at no cost to eligible customers.

To qualify for the program, the applicant must contact Pima County for an application. Eligible applicants must have a household

income less than 150 percent of the federal poverty level. Program participation is subject to funding availability.

This program includes Pima County representatives determining the work needed and installing weatherization measures on approved homes and structures, including:

- Caulking & weather-stripping
- Insulation (attic, wall, & duct)
- Water heater insulation & exposed pipe wrap
- Attic ventilation
- Sunscreens
- Paint roof & exposed ducts white
- Service evaporative coolers
- Replace evaporative coolers or motors with two-speed motors
- Plant trees on south/west exposures
- Installation of evaporative cooler thermostat
- Installation of low-flow shower heads

**g. Operation Cool Shade Program**

Trico's Operation Cool Shade program is an existing program, which promotes energy conservation through the planting of low-water use shade trees.

Trico offers the Operation Cool Shade Program in conjunction with Tucson Clean and Beautiful or “Trees for Tucson” who conducts the program management items associated with the program. Trico has responsibility for administering the purchase of the trees by the customers and ensuring eligibility to purchase trees. Tucson Clean and Beautiful has responsibility for the delivery of the trees to the customers, educating the customers about the appropriate locations to plant the trees and how to care for the trees. Tucson Clean and Beautiful also has responsibility for providing Trico with detailed reports tracking the amount of trees delivered to the customers and the energy savings to be expected for each tree sold detailed by the type of tree delivered.

**h. Residential Time of Use (TOU) Program**

This is an existing program, approved in Trico’s 2009 Rate Case which is available pursuant to Trico’s Residential Time of Use Service Schedule RS2TOU Tariff. While Trico believes that it has received and will continue to receive energy savings from its time of use rates and the efforts of TOU customers to reduce on-peak usage, it has not included any energy savings as part of this plan.

## **II. Commercial/Industrial Programs**

### **a. Commercial Lighting Rebate Programs**

#### **(i) Commercial Lighting Retro-fit Rebate Program**

This program will be new to Trico with the approval of its 2013-2014 EE Plan. The purpose of this program is to promote the replacement of less efficient lighting with Environmental Protection Agency / Department of Energy (“DOE”) Energy Star approved lighting in commercial/industrial businesses within the Trico service territory. The program will provide a rebate for the energy savings associated with the replacement of the less efficient lighting with more energy efficient lighting.

This program will be managed primarily by Trico, with the possibility of some program management assistance to be provided by a third party implementation contractor. This program will be available until such time as the budget for the program is exhausted.

#### **(ii) Commercial Light Bulb Replacement Program**

This program will be new to Trico with the approval of its 2013-2014 EE Plan. This purpose of this program is to promote the replacement of less efficient light bulbs with more efficient light bulbs in commercial/industrial businesses within the Trico service territory. For example replacing incandescent light bulbs with compact fluorescent light bulbs (CFLs) or replacing CFLs with Light Emitting Diode (LED) lights. The program will include the distribution of CFLs to commercial customers at Trico sponsored events in the Trico service territory. Such events would

include, but not be limited to the Trico Annual Meeting and Trico Town Hall meetings. Trico will also provide CFLs to schools and other non-profit customers for fundraising events.

This program will be managed, marketed and advertised by Trico and will be available until such time as the budget for the program is exhausted.

**b. General Service Time of Use (TOU) Program**

This is an existing program approved in Trico's 2009 Rate Case which is available pursuant to Trico's General Service Time of Use – Experimental Schedule GS-TOU Tariff. As indicated in the discussion above concerning the Residential Time of Use program, Trico has included no estimated savings as part of this filing; though it believes it has experienced savings.

**c. Interruptible Service Program**

This is an existing program approved in Trico's 2009 Rate Case and is available pursuant to Trico's Interruptible Service for Commercial and Industrial Schedule IS1 and Interruptible Service for Irrigation and Water Pumping Services Schedule IS2 Tariffs, as well as, Trico's General Service Greater than 2 MW Schedule GS4 Tariff.

These tariff programs have been in place for many years. Trico has included, under the provisions of the EE Standards, appropriate

allowance for these programs in terms of energy and demand savings.

Trico has not included the costs of these programs.

**D. Support Programs**

The Support Programs listed below provide overarching assistance and outreach to Trico customers. All of the Support programs are existing programs approved in Trico's 2009 Rate Case.

**I. Classroom Connections Program**

The Classroom Connection program educates elementary school students on the value and importance of energy efficiency and teaches them ways they can save energy in their own home.

Trico conducts an age-appropriate learning session during classroom time to teach the students ways to conserve energy and how to choose energy efficient appliances. Students are shown basic energy savings measures as well as the benefits of saving energy. An Energy Savings Information Sheet and an Energy Savings Checklist are distributed to all students. The students are also provided with an energy savings survey to fill out with their parents. All students that fill out and return the survey receive a "prize" that promotes energy efficiency as a reminder to continue to conserve.

**II. Energy Conservation Workshop Program**

The Energy Conservation Workshop Program is an outreach program that provides homeowners ways to conserve energy and be more energy efficient.

Trico conducts energy efficiency presentations at meetings of homeowners associations, community groups and at Trico's headquarters. Trico actively seeks meetings and events where they can address Trico customers.

The presentation includes information on:

- Energy savings associated with installing CFLs
- Energy savings associated with installing programmable thermostats
- Benefits of weatherization and insulation
- Basic home maintenance and its effects on energy efficiency
- Benefits of purchasing Energy Star-rated appliances
- Distribution of home energy savings guides to further help them reduce their energy usage.

#### **E. Program Development, Monitoring and Management**

Program Development: Trico's 2013-2014 EE Plan includes programs that it plans to continue as well as the new programs that it plans to implement over the next two years. However, continuous improvement is essential to maintain and grow the programs. Trico plans to continue its research and development of additional cost-effective, energy saving programs.

Program Monitoring: Each of the aforementioned EE and DSM Programs will be monitored and evaluated on at least a bi-annual basis. Such program monitoring will include, but is not limited to:

- Review of customer accounts comparing past energy usage with current energy usage.

- Follow-up surveys with customers regarding any changes that they may/may not have made to their energy usage using information provided by Trico.
- Review and analysis of information provided by third party implementation contractors who assisting with the management of programs.

Program Reporting and Plan Filing: On or before June 1 of every other year, Trico will file an implementation plan for the next two calendar years, as required pursuant to R14-2-2405. By March 1 and September 1 of each year, Trico will file the required reports pursuant to R14-2-2409.

Program Advertising: The advertising for Trico's 2013-2014 EE Plan includes a variety of mediums, such as: bill inserts and ads/stories in monthly newsletters; counter cards and posters; paid ads in local newspapers; paid ads on rural radio stations; participation at local events, such as cooperative annual meetings and county fairs; and an EE/DSM program promotional presence on the Trico website.

**F. EE Plan Budget, Projected Energy Savings and Tariff**

The 2013-2014 EE Plan proposes to utilize the surcharge dollars collected from its DSM Adjustment Tariff to fund its 2013-2014 EE Plan programs. The 2013-2014 EE Plan includes financial support for the continuance of Trico's current EE and DSM Programs, as approved under Trico's 2009 Rate Case, as well as for the expansion of its EE and DSM Program Portfolio. Funds will also be used to pay for the development of

future programs as well as a portion of the administration and advertising of the 2012-2013 EE and DSM Programs.

EE Plan Budget: As part of Trico's 2009 Rate Case, Trico was approved to begin charging a DSM/EE adjustor in the amount of \$0.000191356 per kWh to all members to recover its approved EE and DSM Program costs. Trico's 2013-2014 EE Plan includes an increase in the DSM surcharge energy rate from \$0.000191356/kWh to \$0.000356/kWh in 2013, which results in a projected increase in the total annual dollars to fund the EE and DSM Programs from \$115,828 to \$262,687. For 2014, Trico proposes to continue the DSM surcharge energy rate of \$0.000356/kWh to fund the EE and DSM Programs. Although the surcharge is proposed to remain the same in both years of the plan, the EE Plan Budget for 2014 would increase slightly assuming an increase in annual kWh sales, which Trico current projects. A summary of the budget, by program, is attached as Exhibit 2 entitled "2013-2014 EE Plan Budget". Exhibit 3 entitled "Comparison of Existing and Proposed Rates – Residential" summarizes the impact on the residential customers and the forecasted collection from Trico's DSM surcharge tariff by customer class utilized for the 2013-2014 EE Plan Budget.

Projected Energy Savings: Based on the programs proposed under Trico's 2013-2014 EE Plan and how the savings associated with existing EE and DSM programs can be counted pursuant to the EE Standards, Trico anticipates that its EE and DSM programs will provide a total of 5,219,186 kWh savings in 2013 or 0.784% of Trico's 2012 projected kWh sales and a total of 9,458,812 kWh savings in 2014 or 1.297% of Trico's 2013 projected kWh sales. The savings, by EE and DSM Program is attached as Exhibit 4 entitled "Projected DSM/EE Program Energy Savings".

EE Plan Tariff: Trico has modified its current DSM surcharge, attached as Appendix 1 entitled “Demand Side Management Adjustment - Schedule DSMA”, to reflect the proposed Demand Side Management Adjustment - Schedule DSMA Tariff described above.

**G. Other Administrative**

Budget Flexibility: In an effort to maintain and grow participation in its DSM/EE Programs, Trico requests Commission approval to shift approved funds between programs, and to modify the program budgets in the 2013-2014 EE Plan when cost-effective to do so. This flexibility is essential to Trico’s ability to grow its programs as Trico does not know the response from its customers when implementing new programs. This flexibility will also help Trico to maintain and maximize the most successful programs without oversubscription.

# Exhibit

“1”

## Exhibit 1

### 2013-2014 EE Plan Benefit/Cost Analysis

TRICO ELECTRIC COOPERATIVE 2013-2014 EE PLAN BENEFIT/COST ANALYSIS									
Assumptions									
Projected 2012 Electricity Sales (kWh)		665,473,000							
Projected 2013 Electricity Sales (kWh)		729,492,000							
	Total Program Budget (2013)	Total Program Budget (2014)	Annual Customer Participation	Annual Billing Unit Participation	Baseline kWh	Annual Savings (kWh)	Societal Benefits	Societal Costs	Societal Test
<b>New EE/DSM Programs</b>	\$ 132,615	\$ 135,929	4,869	17,041		2,189,722	\$ 536,985	\$ 122,792	4.37
Residential Lighting Program	\$ 31,097	\$ 31,508	3,863	15,452		795,963	126,446	28,794	4.39
Refrigerator/Freezer Recycling Program	\$ 55,200	\$ 55,200	400	400		496,800	116,345	51,111	2.28
Commercial Lighting Program	\$ 1,570	\$ 1,586	195	780		160,681	28,753	1,453	19.78
Commercial Retro-fit Rebate Program	\$ 4,469	\$ 4,626	195	193		526,116	94,150	4,138	22.75
Heat Pump/Residential HVAC Rebate Program	\$ 21,131	\$ 23,345	105	105		110,387	72,343	19,566	3.70
Weatherization Programs	\$ 19,148	\$ 19,665	111	111		99,775	98,947	17,729	5.58
<b>Existing EE/DSM Programs</b>	\$ 99,993	\$ 99,993	2,000	2,000		2,933,197	\$ 146,237	\$ 108,525	1.35
Energy Audit Program	\$ 59,669	\$ 59,669	397	397		264,538			
Conservation Workshops	\$ 2,824	\$ 2,824	103	103		17,494			
Operation Cool Shade Program	\$ 37,500	\$ 37,500	1,500	1,500		155,641			
Interruptible Service Program	\$ -	\$ -				2,495,524		Not applicable	
<b>Support Programs</b>	\$ 17,214	\$ 17,214	905	905		96,267		See Existing Programs	
Classroom Connections	\$ 7,214	\$ 7,214	900	900		90,959			
Pima County Weatherization	\$ 10,000	\$ 10,000	5	5		5,308			
<b>Research and Development</b>	\$ 12,866	\$ 13,037						Not applicable	
<b>Total Operating Cost</b>	\$ 262,687	\$ 266,173	7,774	19,946	729,492,000	5,219,186			
<b>Accumulated Cost</b>	\$ 262,687	\$ 528,860							
<b>Estimated Environmental Impact</b>		<b>2013</b>	<b>Total</b>						
CO2		9,624,178	1,844,000						
SO2		17,850	0.003420						
Nox		27,140	0.005200						
<b>Total</b>		9,669,168	1,852,620						

# Exhibit

“2”

**Exhibit 2**

**2013-2014 EE Plan Budget**

<b>TRICO ELECTRIC COOPERATIVE 2013-2014 EE PLAN BUDGET</b>		
	<b><u>2013</u></b>	<b><u>2014</u></b>
<b>New EE/DSM Programs</b>	<b>\$ 132,615</b>	<b>\$ 135,929</b>
Residential Lighting Program	\$ 31,097	\$ 31,508
Refrigerator/Freezer Recycling Program	\$ 55,200	\$ 55,200
Commercial Lighting Program	\$ 1,570	\$ 1,586
Commercial Retro-fit Rebate Program	\$ 4,469	\$ 4,626
Heat Pump/Residential HVAC Rebate Program	\$ 21,131	\$ 23,345
Weatherization Programs	\$ 19,148	\$ 19,665
<b>Existing EE/DSM Programs</b>	<b>\$ 97,169</b>	<b>\$ 97,169</b>
Member Service Representative (MSR) Phone Energy Audit Program	\$ 59,669	\$ 59,669
Residential Onsite Energy Audit Program	\$ -	\$ -
Non-Residential Onsite Energy Audit Program	\$ -	\$ -
Operation Cool Shade Program	\$ 37,500	\$ 37,500
Residential Time of Use (TOU) Program	\$ -	\$ -
General Service Time of Use (TOU) Program	\$ -	\$ -
Interruptible Service Program	\$ -	\$ -
<b>Support Programs</b>	<b>\$ 20,038</b>	<b>\$ 20,038</b>
Classroom Connections	\$ 7,214	\$ 7,214
Pima County Weatherization	\$ 10,000	\$ 10,000
Energy Conservation Workshop Program	\$ 2,824	\$ 2,824
<b>Development, Monitoring and Management</b>	<b>\$ 12,866</b>	<b>\$ 13,037</b>
<b>Total Operating Cost</b>	<b>\$ 262,687</b>	<b>\$ 266,173</b>
<b>Accumulated Cost</b>	<b>\$ 262,687</b>	<b>\$ 528,860</b>

# Exhibit

“3”

**Exhibit 3**

**Comparison of Existing and Proposed Rates – Residential**

<b>TRICO ELECTRIC COOPERATIVE</b>				
<b>COMPARISON OF EXISTING AND PROPOSED RATES</b>				
<b>RESIDENTIAL</b>				
<b>kWh Usage</b>	<b>Existing Billing</b>	<b>Proposed Billing</b>	<b>Change</b>	<b>Percent Change</b>
Customer Charge	15.00	15.00	0.00	0.00%
Energy Charge	0.121600	0.121600	0.000000	0.00%
WPCA	(0.020000)	(0.020000)	0.000000	0.00%
REST	0.008065	0.008065	0.000000	0.00%
Max REST	3.00	3.00	0.00	0.00%
DSM Factor	0.000191	0.000356	0.000165	86.39%
50	20.49	20.50	0.01	0.05%
100	25.99	26.00	0.01	0.04%
250	42.46	42.51	0.05	0.12%
500	68.90	68.98	0.08	0.12%
750	94.34	94.47	0.13	0.14%
1,000	119.79	119.96	0.17	0.14%
1,500	170.69	170.93	0.24	0.14%
2,000	221.58	221.91	0.33	0.15%
3,000	323.37	323.87	0.50	0.15%
5,000	526.96	527.78	0.82	0.16%
916 Average	111.24	111.39	0.15	0.13%

# Exhibit

“4”

**Exhibit 4**

**Projected DSM/EE Program Energy Savings**

<b>TRICO ELECTRIC COOPERATIVE PROJECTED SAVINGS</b>				
	<b><u>2012</u></b>	<b><u>2013</u></b>	<b><u>2014</u></b>	
Projected kWh Sales	665,473,000	729,492,000	747,831,000	
Savings Achieved	1,463,753	5,219,186	9,458,812	
Projected Sales less Savings	664,009,247	724,272,814	738,372,188	
<b><u>Required Savings from Prior Year Sales</u></b>				
Required Savings	3.0%	5.0%	7.3%	
Cooperative Discount	75%	75%	75%	
Required Cooperative Savings %	2.250%	3.750%	5.438%	
Required Cooperative Savings kWh	14,637,533	24,955,238	39,666,128	
<b><u>Accumulated Program Savings</u></b>				
Existing Programs	-	-	-	
New Programs	1,463,753	5,219,186	9,458,812	
Total Savings	1,463,753	5,219,186	9,458,812	
Savings %	0.225%	0.784%	1.297%	
Difference	13,173,780	19,736,052	30,207,316	
Projected % of Achievement		21%	24%	

# Appendix “1”

**Appendix 1**

**Demand Side Management Adjustment - Schedule DSMA**

**ELECTRIC RATES**

**TRICO ELECTRIC COOPERATIVE, INC.**

**8600 W. Tangerine Road**

**Marana, Arizona 85658**

**Filed By: Vincent Nitido**

**Title: CEO/General Manager**

Effective Date: January 1, 2013

**STANDARD OFFER TARIFF**

**DEMAND SIDE MANAGEMENT ADJUSTMENT  
SCHEDULE DSMA**

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**Applicability**

The Cooperative shall recover its costs for Commission pre-approved DSM programs through a separate DSM mechanism which shall provide for a separate and specific Commission accounting for pre-approved DSM costs. The DSMA shall be applicable to all customers receiving standard service.

**Rate**

For 2013: the charge shall be \$0.000356 per kWh

For 2014: the charge shall be \$0.000356 per kWh