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ARIZONA CORPORATION COMMISSION

2012 SEP 19 P 4:20

Direct Line: (602) 542-3699
Fax: (602) 542-3708
E-mail: paulnewman@azcc.gov
Arizona Corporation Commission

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SEP 19 2012

ARIZONA CORPORATION COMMISSION
DOCKET CONTROL

September 19, 2012

DOCKETED BY: [Signature: ne]

Re: Tucson Electric Power Company's 2011 Energy Efficiency Implementation Plan
(E-01933A-11-0055)

Dear Colleagues and Parties:

I am writing to express my dismay in the Chairman's decision to delay the vote on Tucson Electric Power's (TEP's) 2011-2012 Energy Efficiency (EE) Plan.

This delay is unnecessary and costing us jobs, creating uncertainty for businesses implementing EE programs, and putting our EE goals at risk.

Nineteen months is long enough to wait. Parties including TEP, AECC, RUCO, EnerNOC and SWEEP have come to an agreement. I see no good reason why this vote should wait any longer.

At the Tucson hearing on this plan, the community was out in force. There was standing room only, and Larry Robertson, an attorney who has appeared before the Commission for many years, commented that he had never heard such articulate, well-informed comments. Although I was not there in person, my staff attended.

I am also disappointed that the Chairman now wants to further delay the process by requiring legal briefs on the performance incentive. This could add months to the process. The bottom line is that when you have a high EE standard like ours, utilities need some kind of compensation for lost revenues. TEP and other utilities have such high fixed costs that without a performance incentive, decoupling, lost fixed cost revenue (LFCR) or some way to allow them to make up for lost profits, they will lose money on EE.

This is penny-wise and pound-foolish. We need to encourage our utilities to embrace EE. APS' EE programs are coming in at around 1.5 cents/kWh. TEP can do the same. Reducing energy use reduces water use, pollution, transmission congestion and makes good sense. We are building local expertise, creating jobs and making our communities healthier and more prosperous with EE.

Tucson Electric Power Company
E-01933A-11-0055
September 19, 2012
Page 2

I hope that we can vote on this important matter as soon as possible.

Sincerely,

A handwritten signature in black ink that reads "Paul Newman". The signature is written in a cursive style with a large, stylized initial "P".

Paul Newman
Commissioner

cc: Chairman Gary Pierce
Commissioner Bob Stump
Commissioner Sandra D. Kennedy
Commissioner Brenda Burns

Ernest Johnson
Janice Alward
Lyn Farmer
Parties to the Docket