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BEFORE THE ARIZONA CORPORATION COMMISSION

COMMISSIONERS

- BOB STUMP – Chairman**
- GARY PIERCE**
- BRENDA BURNS**
- SUSAN BITTER SMITH**
- BOB BURNS**

IN THE MATTER OF THE
 APPLICATION OF TUCSON ELECTRIC
 POWER COMPANY FOR THE
 ESTABLISHMENT OF JUST AND
 REASONABLE RATES AND CHARGES
 DESIGNED TO REALIZE A
 REASONABLE RATE OF RETURN ON
 THE FAIR VALUE OF ITS OPERATIONS
 THROUGHOUT THE STATE OF
 ARIZONA.

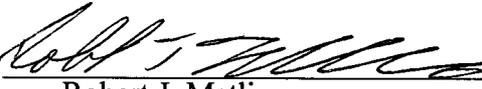
DOCKET NO. E-01933A-12-0291

**NOTICE OF FILING OF OPOWER,
INC.**

Opower, Inc. hereby provides notice of filing of the prepared Direct Testimony of Diana Genasci in support of the Settlement Agreement in the above-docketed proceeding.

Respectfully submitted this 15th day of February, 2013.

MUNGER CHADWICK, P.L.C.

By 
 Robert J. Metli
 Attorney for Intervenor Opower, Inc.

Arizona Corporation Commission

DOCKETED

FEB 15 2013

DOCKETED BY 

ORIGINAL and thirteen (13) copies of the foregoing filed this 15th day of February, 2013, with:

Docket Control Division
 Arizona Corporation Commission
 1200 West Washington Street
 Phoenix, Arizona 85007

COPY of the foregoing served by email or mail this 15th day of February 2013 to:

All Parties of Record

ARIZONA CORPORATION COMMISSION
DOCKET CONTROL

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**Prepared Direct Testimony
Of
Diana Genasci
For
Opower, Inc.**

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**Prepared Direct Testimony
of
Diana Genasci
In Support of the Settlement Agreement
for
Opower, Inc.**

Q: Please state your name and business address.

A: My name is Diana Genasci. My business address is 642 Harrison Street, Second floor, San Francisco, CA 94107.

Q: For whom are you testifying?

A: I am testifying on behalf of Opower, Inc. (“Opower”).

Q: Have your previously filed Direct Testimony in this proceeding?

A: No.

Q: Has Opower submitted Direct Testimony in this case?

A: Yes. Opower submitted direct testimony of Mr. Jim Kapsis. Mr. Kapsis:

- Summarized the public interest in increasing electric energy efficiency, and explained why public policy action is necessary to remove regulatory barriers to energy efficiency markets;
- Described how current regulatory uncertainty in some areas of Arizona is paralyzing the business environment for energy efficiency, preventing companies like Opower from doing business, and depriving ratepayers of energy savings benefits and;
- Explained why Tucson Electric Power’s (“TEP”) Energy Efficiency Resource Plan would create a more stable and predictable business environment for companies like Opower and would ensure that benefits to the ratepayers always exceed costs.

Q: Will you be adopting Mr. Kapsis’ Direct Testimony in this case at the hearing?

A: Yes, I will.

Q: What are your professional qualifications?

A: I am the manager of Market Development and Regulatory Affairs–West for Opower. I am responsible for managing Opower’s regulatory and policy strategy to promote energy efficiency throughout California and the Southwestern United States. Prior to Opower, I was an administrative attorney at the Public Utilities Commission of Nevada. I have also held positions at the California Public Utilities Commission (“CPUC”) and was an

1 associate attorney for an energy law firm, where I represented clients in energy and
2 regulatory matters in the electric and gas industries with a focus on matters before the
3 CPUC. I have a B.A. in Economics from California State University, Sacramento and a
4 Juris Doctor from the University of California, Hastings College of the Law.

5 **Q: What is the purpose of your testimony?**

6 A: The purpose of my testimony is to support section 7 of the TEP Settlement Agreement
7 filed with the Arizona Corporation Commission (“Commission”) on February 4, 2013. I
8 will explain why the public interest is served by supporting TEP’s efforts to reinstate on
9 March 1, 2013, TEP’s EE programs that were suspended or cut by allowing TEP to
10 recover those costs through the Energy Efficiency Resource Plan as proposed in Staff’s
11 direct testimony in Docket No. E-01933A-11-0055 (“EE Plan”).

12 **Q: Is Opower a signatory to the Settlement Agreement?**

13 A: Yes.

14 **Q: What is the public interest in supporting TEP’s reinstatement of EE Programs that
15 were suspended or cut due to lack of funding?**

16 A: TEP’s commitment to reinstate and receive cost recovery for EE programs that were
17 suspended or cut serves the public interest in two ways. First, EE programs will be able to
18 deliver significant savings for a large number of TEP residential customers during the
19 upcoming summer months and help TEP to shift energy use from peak times during the
20 upcoming summer months. Second, energy efficiency companies will be given more
21 long-term regulatory certainty to continue to do business in the state of Arizona. TEP’s
22 suspension of existing EE programs prevents EE businesses like Opower from providing
23 energy savings to customers and paralyzes the business environment for energy efficiency
24 in the state. If TEP is unable to recover its costs to meet its existing and future EE
25 obligations, EE businesses will likely view any future investments in the state as too much
26 of a risk.

**Q: Explain why TEP should reinstate EE programs that have been suspended or cut in
advance of the summer season.**

A: TEP offers a variety of energy efficiency and conservation programs for business and
residential customers. EE programs help TEP customers to save energy and money, while

1 reducing peak demand. In Arizona, electricity demand is anticipated to increase about
2 3.5% per year, compared to 2% for the nation on average.¹ Reinstating EE programs will
3 help TEP customers lower their electric bills. For example, prior to the suspension of
4 TEP's Home Energy Reports program in October 2012, the program was serving 25,000
5 households and was projected to save TEP customers more than 18 GWh. These energy
6 savings are equivalent to ~\$1.8 million or ~\$70 saved per household in 2012-2013. Any
7 further delay in restoring EE programs would cause additional missed opportunities for
8 TEP customers to save money on their energy costs.

9 Peak demand for electricity is forecasted to double in Arizona over the next twenty years,
10 2006-2025, from 16,000 MW to 32,000 MW.² Reinstating EE programs will help TEP to
11 better manage its peak demand during the summer period. TEP customers tend to have
12 higher usage spikes during the summer period due to increased temperatures in the region.
13 Home Energy Reports programs in other regions have been shown to drive higher savings
14 (around 1.5 to 2 times) during peak times. Preliminary findings for the TEP program
15 indicate a similar savings trend.

16 **Q: Explain why the Commission should approve TEP's cost recovery request for its EE
17 programs.**

18 **A:** More certain cost recovery for TEP will create additional long-term regulatory certainty
19 for EE companies, allowing them to continue to do business in the state of Arizona.
20 When EE programs are approved without a cost-recovery mechanism in place, regulatory
21 and market uncertainty will follow. In this case, the Commission had approved EE
22 programs, including the Home Energy Reports program. However, the cost-recovery
23 mechanism for TEP to collect EE program funds has not been updated since June 1, 2010.
24 Many of TEP's EE programs have been cut or suspended as a result. Opower commends
25 TEP's proactive approach and good faith effort to reinstate those EE programs. TEP
26 should be allowed to recover those costs so that TEP may continue to carry out EE
programs.

¹ <http://www.swenergy.org/programs/utilities/arizona.htm>

² *Id.*

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If the Commission approves TEP's cost recovery request for its EE programs, it will allow TEP to meet its existing commitments with EE businesses and to instill additional market certainty for businesses that serve utilities in meeting their regulatory objectives. TEP customers will also benefit from uninterrupted EE programs that will allow them to better take advantage of energy information, and the incentives associated with other EE program offerings.

Q: Does this conclude your testimony?

A: Yes.