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BEFORE THE ARIZONA CORPORATION

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COMMISSIONERS
BOB STUMP, CHAIRMAN
GARY PIERCE
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BOB BURNS
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ARIZONA CORPORATION COMMISSION
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Arizona Corporation Commission
DOCKETED
MAR 18 2013
DOCKETED BY *JM*

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
LATE-FILED EXHIBITS**

Tucson Electric Power Company ("TEP"), through undersigned counsel, hereby files the following late-filed exhibits:

TEP-9: This exhibit provides the specific numerical values used to create the graph set forth on page 20 of the Direct Testimony of David. G. Hutchens in Support of the Settlement Agreement.

TEP-10: This exhibit provides the estimated monthly bill impacts (both best estimate and high case scenarios) on the average residential customer for: (i) the Lost Fixed Cost Recovery mechanism ("LFCR"); (ii) the Environmental Compliance Adjustor ("ECA"); and (iii) the Demand Side Management Surcharge ("DSMS"). The estimates are provided for both 2013 and 2014.

TEP-11: This exhibit is a revised version of Ex. DGH-2 to Direct Testimony of David. G. Hutchens in Support of the Settlement Agreement. The revisions are shaded and set for the specific percentage rate for the DSMS that would be applied to the non-residential customer bills, as was discussed during the hearing.

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RESPECTFULLY SUBMITTED this 18th day of March 2013.

TUCSON ELECTRIC POWER COMPANY

By 

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Copies of the foregoing hand-delivered/mailed
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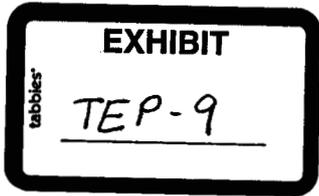
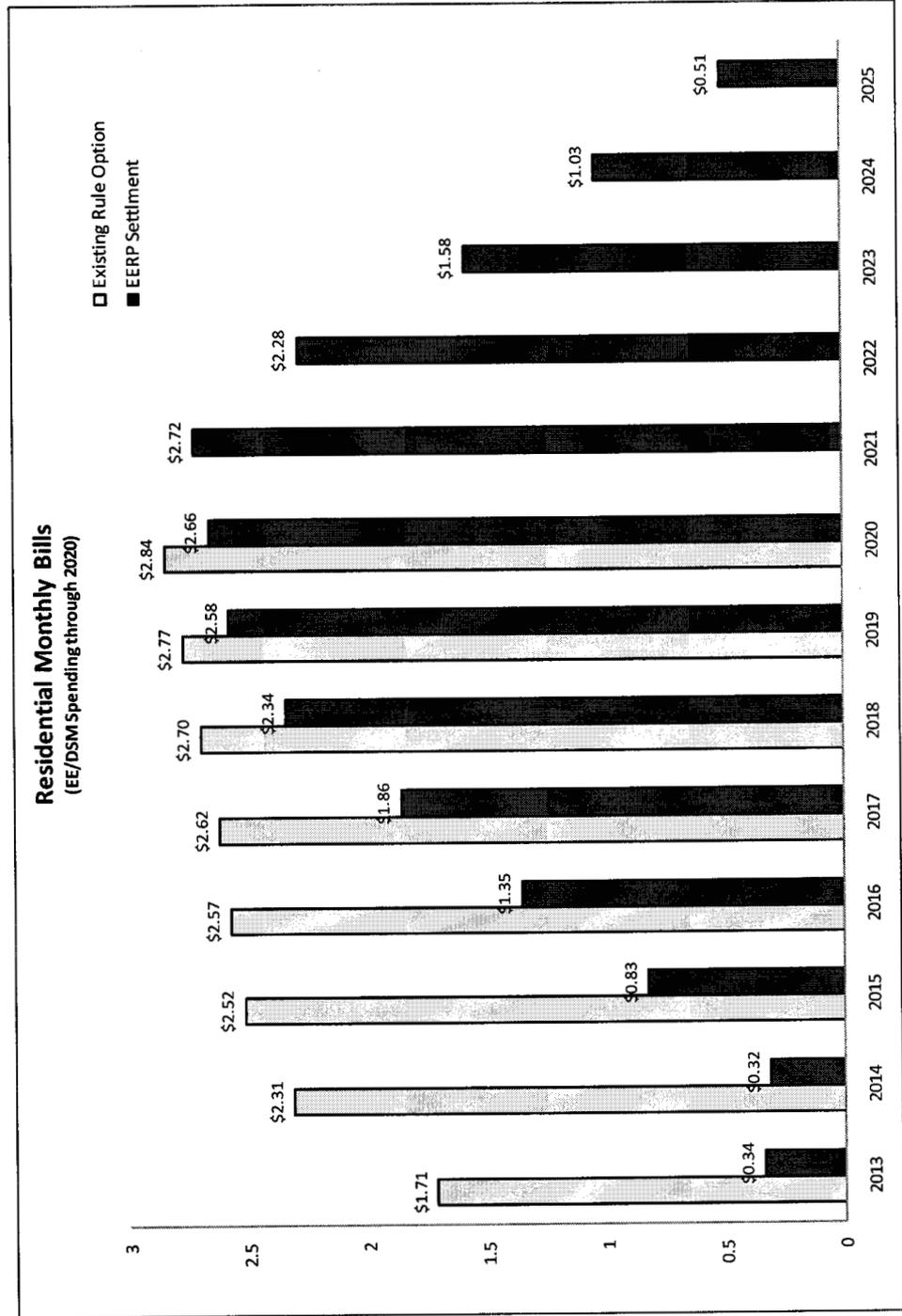
Ex. TEP-9

Tucson Electric Power Company
 EE Resource Plan vs. Existing Rule Option
 Residential Monthly Bill Comparison

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
<u>EE Resource Plan</u>													
DSM Surcharge	\$ 0.000443	\$ 0.000411	\$ 0.001078	\$ 0.001764	\$ 0.002421	\$ 0.003049	\$ 0.003358	\$ 0.003468	\$ 0.003548	\$ 0.002977	\$ 0.002063	\$ 0.001347	\$ 0.000660
Average Monthly Residential Bill	\$ 0.34	\$ 0.32	\$ 0.83	\$ 1.35	\$ 1.86	\$ 2.34	\$ 2.58	\$ 2.66	\$ 2.72	\$ 2.28	\$ 1.58	\$ 1.03	\$ 0.51

Existing Rule Option

DSM Surcharge	\$ 0.002232	\$ 0.003015	\$ 0.003282	\$ 0.003357	\$ 0.003416	\$ 0.003515	\$ 0.003613	\$ 0.003709
Average Monthly Residential Bill	\$ 1.71	\$ 2.31	\$ 2.52	\$ 2.57	\$ 2.62	\$ 2.70	\$ 2.77	\$ 2.84



Under the EE Resource Plan, the DSM surcharge in 2021- 2025 represents collection of prior years' program costs.

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Ex. TEP-10

2013

Settlement Agreement w/ EE Resource Plan

Mechanism	Monthly Bill Impact on Average Residential Customer (767 kWhs)	
July 1, 2013	Estimate	High Case
LFCR	\$0.00	\$0.00
ECA	\$0.00	\$0.00
EERP - DSMS	\$0.34*	\$0.34

Settlement Agreement w/ Existing EE Rule Option

Mechanism	Monthly Bill Impact on Average Residential Customer (767 kWhs)	
July 1, 2013	Estimate	High Case
LFCR	\$0.00	\$0.00
ECA	\$0.00	\$0.00
Existing EE Rule Option - DSMS	\$1.71	\$1.71

2014

Settlement Agreement w/ EE Resource Plan

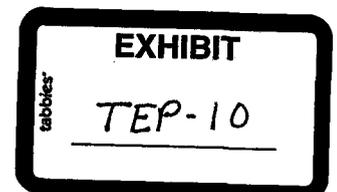
Mechanism	Monthly Bill Impact on Average Residential Customer (767 kWhs)	
(2014: effective in the month indicated in respective POAs)	Estimate	High Case
LFCR (July 1)	\$0.21	\$0.81**
ECA (May 1)	\$0.05	\$0.19**
EERP- DSMS (June1)	\$0.32	\$0.32

Settlement Agreement w/ Existing EE Rule Option

Mechanism	Monthly Bill Impact on Average Residential Customer (767 kWhs)	
(2014: effective in the month indicated in respective POAs)	Estimate	High Case
LFCR (July 1)	\$0.21	\$0.81**
ECA (May 1)	\$0.05	\$0.19**
Existing EE Rule Option - DSMS (June1)	\$2.31	\$2.31

*This represents a decrease of \$0.62 compared with the current DSMS which averages \$0.96 per month.

**Settlement Agreement includes a cap for this adjustor mechanism. The "High Case" reflects the cap level.



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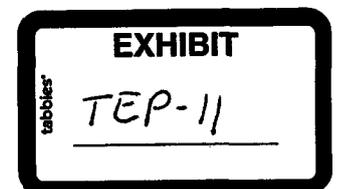
Ex. TEP-11

Exhibit DGH-2 (REVISED)

Existing EE Rule Option

In order to provide a comparison to the EERP, the following information is provided to explain the Existing EE Rule Option. First, the Existing EE Rule Option would commence with the approval of the programs and measures recommended in the November 16, 2011 Staff Open Meeting Memorandum (Docket No. E-01933A-11-0055) but with a pro-rated budget for 2013. Second, TEP's performance incentive shall be calculated by taking 8% of the net benefits (as reported in TEP's March 1 DSM progress report) but capped at \$0.0125/kWh saved. This performance incentive is similar to the performance incentive recently approved by the Commission for Arizona Public Service ("APS") in Decision No.73183 (May 29, 2012). Third, the DSMS would be set at \$0.002232 per kWh for residential customers and 2.5379% of total bill (before RES, LFCR, assessments and taxes) for non-residential customers. Fourth, the Commission will be able to modify the performance incentive outside of a rate case.

- Beginning in 2013, TEP will file an annual or biennial EE Implementation Plan for the following year in accordance with A.A.C. R14-2-2401, et seq. on or before June 1st of each year. The plan shall include the following:
 - New Proposed Programs
 - New Proposed Measures
 - Estimate of customer/contractor participation
 - Societal Test for each program
 - Annual Budget
 - Proposed Utility Performance Incentive
 - Annual and Lifetime MWh Savings
 - Lifetime \$/kWh for each program and for the portfolio of programs
- TEP will calculate the cost effectiveness (Societal Test) of each measure and each program using the Societal Test methodology approved by Staff including hourly load shapes.
- TEP will file the Societal Test results for each new measure and each new program in the annual EE Implementation Plan.



- Beginning in 2013, Staff will review the 2014 EE Implementation Plan as filed by June 1st and file a Staff Report and a proposed order by each November 15th. This process will repeat annually until further order of the Commission.
- Commission will approve each annual EE Implementation plan prior to TEP's implementation.
- Beginning in 2014, on March 1st of each year, TEP will file an annual request to reset the DSMS to adjust monthly customer contribution for recovery of DSM/EE spending from the previous year and adjusted for over or under recovery. Staff will review annual DSMS adjustment and prepare a proposed order outlining recommendations and modifications.
- The Commission will approve each DSMS adjustment prior to TEP's implementation. The date for resetting the DSMS is June 1st of each year.
- Beginning in 2013, TEP will recover the allowable costs associated with the Existing EE Rule Option and the approved performance incentive.
- Unless otherwise ordered by the Commission, all programs, performance incentive structures, and budgets approved in the previous year's Implementation Plan will continue until the new EE Implementation Plan is approved by the Commission.
- The table below outlines the programs and pro-rated budgets for 2013 (July – December) as outlined in Staff Open Meeting Memorandum (Docket No. E-01933A-11-0055) dated November 16, 2011. Total Budgets for 2013 will also include incremental dollars spent between March 1 and the effective date for program ramp up.

Table 1: 2013 TEP Programs and Pro-rated Budgets ⁽¹⁾

TEP EE/DSM Programs	Jul '13 - Dec '13
Residential Efficiency Programs	
Low-Income Weatherization	\$308,226
Appliance Recycling	\$429,767
Residential New Construction	\$883,423
Existing Home (was Efficient Home Cooling)	\$1,757,443
Shade Tree Program	\$162,791
Efficient Products (CFL)	\$1,215,748
Residential & Small Commercial DLC	\$92,408
Multi-Family Direct Install	\$84,869
Residential Subtotal	\$4,934,674
Non-Residential Efficiency Programs	
Bid For Efficiency	\$251,546
C&I Comprehensive Program	\$2,142,928
Small Business Direct Install	\$1,460,543
Commercial New Construction	\$203,160
CHP Joint Program (Pilot)	\$11,000
C&I Schools Program	\$78,971
C & I DLC	\$1,375,980
Retro-Commissioning	\$87,760
Non-Residential Subtotal	\$5,611,886
Support Programs	
Education and Outreach	\$97,000
Residential Energy Financing	\$221,323
Codes Support	\$37,745
Support Programs Subtotal	\$356,068
Behavioral Programs	
Home Energy Reports	\$336,895
Behavioral Comprehensive Program	\$805,502
Behavioral Subtotal	\$1,142,397
Program Totals	\$12,045,024
Program Develop, Analysis & Reporting Software	\$324,573
Sub-total	\$324,573
Total	\$12,369,596

(1) Programs and pro-rated budgets as recommended in the Staff Open Meeting Memorandum (Docket No. E-01933A-11-0055) dated November 16, 2011