

COMMISSIONERS
BOB STUMP - Chairman
GARY PIERCE
BRENDA BURNS
BOB BURNS
SUSAN BITTER SMITH

OPEN MEETING AGENDA ITEM



0000150379

Fax: (602) 542-5560
E-mail: Pierce-Web@azcc.gov

**ARIZONA CORPORATION
COMMISSION**

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December 5, 2013

RE: Energy Efficiency
Docket No. E-01345A-12-0224

Mr. Steve Olea,

The Utilities Division has filed two recent Open Meeting Memorandums and Recommended Orders related to energy efficiency. APS Docket No. E-01345A-12-0224 dated October 30, 2013, and UNS Docket No. E-04204A-12-0219 dated December 3, 2013.

Each of these memorandums reviews APS's and UNS's proposed 2013 Energy Efficiency Implementation Plans. As noted in each memo the Commission is currently not approving any newly proposed programs or increases in budgets. If the Utility proposes discontinuing a measure because it is no longer cost effective, or has no participation, then Staff has approved discontinuing those measures and reducing the budgets accordingly. This makes sense.

However, we have also had a policy of allowing programs to continue year after year as long as it was determined to be cost effective when it was first approved. Some of those cost effectiveness calculations took place 4-5 years ago. In order to ensure that we are only funding programs that are truly cost effective, I believe that we need to calculate the cost effectiveness each time we approve a new plan. Circumstances change over time (i.e. natural gas prices) and since we have a fiduciary responsibility to the ratepayers to spend these dollars wisely, I am asking Staff re-calculate the cost effectiveness for each program that is being recommended for continuance.

I realize that this is not a simple, quick task, but I believe that it is necessary to make sure that we are funding the most "efficient" programs.

Sincerely,

A handwritten signature in black ink, appearing to read "Gary Pierce".

Commissioner Gary Pierce

Arizona Corporation Commission
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