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BEFORE THE ARIZONA CORPORATION COMMISSION

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Bob Stump, Chairman

Gary Pierce, Commissioner

Brenda Burns, Commissioner

Bob Burns, Commissioner

Susan Bitter Smith, Commissioner

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Arizona Corporation Commission

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IN THE MATTER OF THE APPLICATION
OF TUCSON ELECTRIC POWER
COMPANY FOR APPROVAL OF ITS 2014
AND 2015 ENERGY EFFICIENCY
IMPLEMENTATION PLAN AND FOR
WAIVER UNDER A.C.C. R14-2-2419

Docket No. E-01933A-13-0183

ORIGINAL

**COMMENTS OF EFFICIENCY FIRST ARIZONA ON TUCSON ELECTRIC POWER
COMPANY'S EXCEPTIONS TO STAFF'S PROPOSED ORDER**

Efficiency First Arizona (EFAZ) submits these comments in support of Tucson Electric Power Company's (TEP) December 12, 2014 Exceptions to Staff's Proposed Order. EFAZ strongly urges the Commission to allow TEP to deliver the benefits of energy efficiency (EE) to its customers by adopting TEP's recommendations.

TEP's recommendations would enable the Company to deliver significant economic benefits to Arizona.

To date, TEP's EE programs have delivered over \$236 million in net economic benefits. Building upon this great track record, there is potential for TEP to deliver *even more* benefits than it has already. This is especially true in light of the fact that all of the new programs and measures now being proposed by TEP are cost-effective – meaning that the economic benefits outweigh the costs. However, the ability for TEP to deliver these benefits hinges upon the Commission's willingness to approve cost-effective new programs and measures. Unfortunately,

1 by rejecting cost-effective new programs and measures, Staff's Proposed Order deprives TEP's
2 ratepayers and the public at large from substantial economic benefits that additional EE would
3 provide, and that TEP ratepayers have requested for many years.

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5 **TEP's recommended changes appear to be more closely aligned with the Commission's**
6 **direction as established in Decision No. 73912.**

7 Staff's Proposed Order recommends against approving a significant number of cost-effective
8 new programs and measures proposed by TEP. Staff's primary justification for not approving
9 these programs and measures relies on an unreasonably narrow interpretation of Decision No.
10 73912 from TEP's last rate case. The relevant section of this Decision is reproduced below, with
11 the sentence cited by Staff in italics:

12
13 The tenor of the public comments received in Docket No. E-01933A-11-0055 and
14 in the course of this proceeding, indicate that there is great interest and support
15 within the TEP service area for EE/DSM programing. No party to this proceeding
16 opposes the EERP. The Programs set forth above received much scrutiny in
17 Docket No. E-01933A-11-0055, and Staff found them to be cost-effective. There
18 is no opposition to their adoption at the recommended funding levels. *Regardless*
19 *of the mechanism for recovering approved EE/DSM Program costs, we find that*
20 *only the proposed EE/DSM Programs and budgets adopted in the Settlement*
21 *Agreement, and which have already been approved by the Commission in*
22 *previous decisions, should be approved.*

23 Staff appears to interpret this as a clear directive to reject all the cost-effective new programs and
24 measures that TEP has proposed in this proceeding. EFAZ does not agree with this
25 interpretation. In fact, when viewed in its full context, Decision No. 73912 includes a number of
26 other countervailing factors. For example, Decision No. 73912 clearly gives the Commission
27 express authority to approve new programs and measures through subsequent EE
28 Implementation Plans by stating the following:

IT IS FURTHER ORDERED that energy efficiency and the methodology for
recovery of approved EE/DSM costs shall be reviewed, established and
approved as appropriate as part of the Commission's Energy Efficiency

1 Implementation Plan and DMS Surcharge reset proceedings for Tucson
2 Electric Power Company. (p 73, line 19).

3 Furthermore, the programs and budgets considered in Decision No. 73912 pertained directly to
4 TEP's 2013 EE implementation and did not place any explicit limitations on the Commission's
5 consideration of 2014 or 2015 plans. Staff appears to believe that Decision No. 73912 was
6 intended to apply to consideration of *all* future EE Implementation Plans. We disagree with this
7 interpretation and believe it is appropriate for the Commission to consider and approve new
8 programs and measures within the context of this Implementation Plan proceeding.

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10 **Approval of TEP's recommendations is warranted, even under Staff's narrow**
11 **interpretation of Decision No. 73912.**

12 Even under Staff's exceedingly narrow interpretation, the new programs and measures described
13 in TEP's Exceptions clearly meet the requirements of Decision No. 73912. All of the additional
14 programs and measures proposed by TEP fall within the category of programs, "which have
15 already been approved by the Commission in previous decisions." In TEP's case, these programs
16 have been under the Commission's review for years, and additional delay would only be
17 detrimental to the public interest.
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1 Respectfully submitted this 17th day of December, 2014,
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A handwritten signature in cursive script, reading "Heather Szymanski", is written over a horizontal line.

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