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COMMISSIONER FORESE PROPOSED AMENDME

ORIGINAL

TIME/DATE PREPARED: Monday, February 1, 2016

COMPANY: Tucson Electric Power Company

AGENDA ITEM NO.: 15

DOCKET NO.: E-01933A-15-0178

OPEN MEETING DATE: February 2, 2016

Schools Energy Efficiency (EE) Pilot Program

Arizona Corporation Commission

DOCKETED

The purpose of this amendment is to require TEP to implement a Schools EE Pilot Program in 2016 and 2017 that will make cost-effective energy efficiency projects more affordable for schools.

FEB 01 2016

Page 12, Line 10: INSERT the following new paragraphs

DOCKETED BY [Signature]

In order to better serve schools that cannot raise the necessary capital to participate in the current TEP non-residential programs which serve schools, TEP shall develop and implement a Schools EE Pilot Program within 90 days of the effective date of this order. This Pilot Program is meant to supplement any current School Programs and not meant to replace them.

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The Schools EE Pilot Program will have a total budget of \$2 million over the two calendar years 2016 and 2017.

Schools eligible to participate in the Schools EE Pilot Program will be determined based on the following criteria: 1) School must be in TEP service territory; 2) School must be either a public or charter school for grades K-12; 3) School must have a documented inability to raise capital to fund the cost of the projects themselves; and 4) School must have a significant opportunity for energy savings from energy efficiency retrofits. Priority will be given to schools that have not done any recent energy efficiency retrofits and have not received rebates from the existing Schools Program during the past 3 years.

TEP shall identify and contact potentially eligible schools and subsequently confirm interested eligible schools. If the number of interested and eligible schools exceeds the estimated budget, TEP shall conduct a lottery to select participating schools. Within 60 days following school selection, TEP shall file a summary of the schools identification, confirmation, lottery and selection process and results.

To address these schools' inability to fund a portion of the cost of the energy efficiency project, TEP will pay a customer rebate to the eligible schools for cost-effective measures installed that will cover 100% of the cost of the project. Individual public school districts or charter school organizations will not be allowed to receive a rebate of more than \$500,000 from these pilot program funds.

Energy savings from this pilot program will be subject to the same measurement, evaluation, and research (MER) requirements that are being applied to the current Schools Program. All MER

verified energy savings from this pilot program will be allowed to be counted toward the Arizona Energy Efficiency Standard currently in effect for TEP.

Verified energy savings from this pilot program shall receive LFCR treatment consistent with the Plan of Administration and the Performance Incentive shall be calculated consistent with currently approved TEP energy efficiency implementation plans.

Energy and demand savings, spending, program cost per kWh saved, and customer participation for this pilot program shall be reported by TEP in the Annual Progress Report filed by March 1 of each year containing program results for the previous year. In addition to this annual reporting, TEP will analyze the success of the pilot and file an end-of-pilot memorandum with the Commission by April 1, 2018 which will contain a recommendation on whether the pilot should continue. Success of the pilot will be measured based on, at a minimum, the following metrics: 1) number of projects completed, 2) participating school satisfaction with the pilot, 3) total energy savings generated from the pilot, and 4) the total pilot program cost per kWh saved compared to the current schools program.

Page, 19, Line 17:

DELETE "\$0.001916" and INSERT "\$0.002144"

Page 19, Line 17:

DELETE "1.97" and INSERT "2.20%"

Page 22, Line 3: Insert New Ordering Paragraph:

IT IS FURTHER ORDERED that TEP shall implement the Schools EE Pilot Program, as described herein, within 90 days of the approval of this order.

MAKE ALL CONFORMIND CHANGES

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|------------------------|----------------------------------|-----------------|
| THIS AMENDMENT: | | |
| _____ Passed | _____ Passed as amended by _____ | |
| _____ Failed | _____ Not Offered | _____ Withdrawn |