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TEP

Tucson Electric Power
88 East Broadway Blvd., P.O. Box 711,
Tucson, AZ 85702

ORIGINAL

August 2, 2016

Docket Control
Arizona Corporation Commission
1200 West Washington Street
Phoenix, Arizona 85006

RECEIVED
AZ CORP COMMISSION
DOCKET CONTROL
2016 AUG - 2 P 3: 30

RE: Tucson Electric Power Company ("TEP") Energy Efficiency Implementation Plan
Notice to Use Existing Commission-Approved Measures Across Programs
Docket No. E-01933A-15-0178

To Whom It May Concern:

On February 11, 2016, the Arizona Corporation Commission ("Commission") issued Decision No. 75450 approving Tucson Electric Power Company's ("TEP" or "Company") 2016 Energy Efficiency Implementation Plan ("2016 Plan") that is currently in effect¹. In conjunction with its administration of the 2016 Plan, TEP periodically examines measures to ensure cost-effectiveness and portability across programs. Pursuant Decision No. 75450 (February 11, 2016)², TEP may, upon providing advance notice to the Commission, offer cost-effective energy efficiency measures approved by the Commission for one specific TEP program in any of its other Commission-approved programs, so long as the measures remain cost-effective in those other programs and TEP's overall Demand Side Management ("DSM") budget is not increased. By offering measures already approved by the Commission in one program, in another Commission-approved program, TEP can more effectively manage program spending and respond to market conditions. Pursuant to discussions between the Company and Commission Staff, the Company hereby provides notice that beginning September 19, 2016, TEP intends to:

1. Offer the Commission-approved "Existing Homes Program Smart Thermostat" measure in the Low-Income Weatherization Program without increasing TEP's overall DSM budget; and
2. Offer the Commission-approved "Existing Homes Program Smart Thermostat" measure in the Multi-Family Housing Efficiency Program without increasing TEP's overall DSM budget.

As Smart Thermostats, which are also Programmable Thermostats, are already a Commission-approved measure in the Existing Homes Program and Programmable Thermostats are already Commission-approved measure in the commercial C&I Comprehensive and Small Business Direct Install programs, offering Smart Thermostats in both the Low-Income Weatherization and Multi-Family Housing programs will complete TEP's offering of programmable type thermostats in applicable programs across TEP's DSM portfolio. See Exhibit 1 for the Smart Thermostat measure cost effectiveness in the Low-Income Weatherization and Multi-Family Housing Efficiency programs.

If you have any questions at all about this notice please contact me directly at (520) 918-8330.

Sincerely,

Debbie Lindeman, Supervisor
Planning, Analysis and Reporting

Arizona Corporation Commission

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AUG 02 2016

CC: Thomas M. Broderick
Terri Ford
Julie Mcneely-Kirwan

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¹ On June 1, 2016, the Company filed a letter in the Docket notifying the Commission that it decided to not file a 2017 Implementation Plan and would continue its 2016 Plan through 2017 without change.

² See page 23, line 25.

Exhibit I

Low-Income Weatherization Program Measure Cost Effectiveness

Measure	YTD Kwh Savings	YTD Measure Cost	YTD Program Costs	YTD B/C Ratio	Forecasted EOY kWh Savings	Forecasted EOY Measure Costs	Forecasted EOY Program Costs	Forecasted EOY B/C Ratio
Weatherization	127,596	\$75,754	\$8,181	1.124	693,075	\$248,785	\$24,654	1.787
Smart Thermostats					337,714	\$89,738	\$14,623	2.656
Portfolio Total	127,596	\$75,754	\$8,181	1.124	1,030,789	\$338,522	\$44,685	1.998

¹Health and safety costs have been separated out and removed from the measure incremental cost.

Low-Income Weatherization Program Measure Savings, Cost & Benefits

Measure	Unit KW Savings	Unit kWh Savings	Unit Social Benefit	Unit Incremental Cost	Unit Measure Life	Program Costs Per Unit
Smart Thermostats	0.28032	450.29	\$369.55	\$119.65	10	\$19.50

Multi-Family Housing Efficiency Program Measure Cost Effectiveness

Measure	YTD Kwh Savings	YTD Measure Cost	YTD Program Costs	YTD B/C Ratio	Forecasted EOY kWh Savings	Forecasted EOY Measure Costs	Forecasted EOY Program Costs	Forecasted EOY B/C Ratio
Multi-Family Measures	734,206	\$69,088	\$8,486	4.379	1,468,411	\$138,176	\$19,405	1.481
Smart Thermostats					45,029	\$11,965	\$2,000	2.646
Portfolio Total	734,206	\$69,088	\$8,486	4.379	1,513,440	\$150,141	\$21,405	4.176

Multi-Family Housing Efficiency Program Measure Savings, Cost & Benefits

Measure	Unit KW Savings	Unit kWh Savings	Unit Social Benefit	Unit Incremental Cost	Unit Measure Life	Program Costs Per Unit
Smart Thermostats	0.28032	450.29	\$369.55	\$119.65	10	\$20.00