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August 31, 2016

Arizona Corporation Commission  
**DOCKETED**

AUG 31 2016

Docket Control  
Arizona Corporation Commission  
1200 West Washington Street  
Phoenix, AZ 85007

DOCKETED BY *MC*

Re: Notice of Filing -UNS Gas, Inc.'s Annual DSM Status Report Docket  
No. G-00000G-16-0100

Pursuant to the Electric Energy Efficiency Standards (A.A.C R-14-2-2409. #B), UNS Gas, Inc. ("UNS Electric") hereby submits its annual October 1<sup>st</sup> Demand-Side Management ("DSM") status report, which includes a tabular summary showing the following for each of its Commission-approved DSM programs for January 1, 2016 through June 30, 2016:

- 1) Semi-annual expenditures compared to annual budget; and
- 2) Participation rates.

In addition to the requirements above, UNS Electric is providing tables that show: 1) the DSM energy savings for each program; and 2) the cumulative DSM savings.

If you have any questions or comments please contact me at (520) 884-3680.

Sincerely,

Melissa Morales  
Regulatory Services

Enclosures: Report

cc: Compliance Section, ACC

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AZ CORP COMMISSION  
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2016 AUG 31 P 4: 31

**UNS Gas, Inc.**  
2016 MID-YEAR DSM PROGRESS REPORT

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**Definitions**

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**The Arizona Administrative Code (“AAC”)**

**Commercial and Industrial (“C&I”)**

**The Arizona Corporation Commission (“Commission”)**

**Demand-Side Management (“DSM”)**

**Energy Efficiency (“EE”)**

**Megawatt (“MW”)** –equal to 1,000 kilowatts or 1,000,000 watts

**MWh – (“Megawatt Hour”)** – equal to 1,000 kilowatt hours

**Program Development, Analysis, and Reporting** – Research and development of new DSM program opportunities, analysis of existing and proposed programs and measures, and the tracking and reporting of participation, savings, and benefits. Associated costs are essential to comply with the ACC reporting and rules requirements.

the **Standard** or (“**GEES**”)- the Gas Utility Energy Efficiency Standards as defined in the State of Arizona Administrative Code Article 25.

**Therm** – equal to 100,000 Btus (British thermal units)

**UNS Gas, Inc. (“UNS Gas” or “Company”)**

**UNS Gas, Inc.**  
2016 MID-YEAR DSM PROGRESS REPORT

**DSM PROGRESS REPORT**

**1. An analysis of the Company's progress toward meeting the annual energy efficiency standard**

**1.1 Progress Towards the Standard**

In accordance with the Commission's Decision No. 71819 (August 10, 2010), Decision No. 73939 (June 27, 2013), and Arizona Administrative Code Section R14-2-2409 (effective January 1, 2011), UNS Gas, Inc. submits this mid-year DSM progress report for the first six months of calendar year 2016. This report includes information for all of UNS Gas' residential and non-residential DSM and Renewable Energy Technology ("RET") programs that were in place during this reporting period. As of the date of this report, UNS Gas does not have any RET programs.

Commission Decision No. 73939 approved the continuation of UNS Gas' EE Implementation Plan for DSM programs until further ordered by the Commission. UNS Gas' DSM progress relative to the Standard, savings, expenditures, societal benefits, and environmental savings are summarized in Table 1 through Table 5 as noted below.

UNS Gas' DSM mid-year savings, expenditures, societal benefits, incentives, and environmental savings are summarized in Table 1 through Table 5 as noted below.

Table 1	Cumulative Energy Savings As Compared to The Standard
Table 2	DSM Energy Savings By Program
Table 3	DSM Expenses and Participation By Program
Table 4	DSM Energy Savings and Societal Benefits
Table 5	Lifetime Environmental Savings By Program

UNS Gas' mid-year cumulative energy savings as compared to the Standard are reported in Table 1 below. As of June 30, 2016 UNS Gas' cumulative annual savings as a percent of previous year retail sales is 0.605 percent while the savings target in the Standard for 2016 is 3.0 percent.

**TABLE 1 – CUMULATIVE ENERGY SAVINGS AS COMPARED TO THE STANDARD**

Year	Retail Energy Sales (Therms)	Incremental Annual Energy Savings (Therms)	Cumulative Annual Energy Savings (Therms)	Cumulative Annual Savings as a Percent of previous year Retail Sales	Cumulative GEE Standard
2010	140,222,684				
2011	139,990,801	281,203	281,203	0.200%	0.5%
2012	135,765,533	212,420	493,623	0.350%	1.2%
2013	142,678,808	129,437	623,059	0.460%	1.8%
2014	124,030,215	80,096	703,156	0.490%	2.4%
2015	132,492,260	95,079	798,235	0.640%	3.0%
2016		2,687	800,922	0.605%	3.6%

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**Annual and Lifetime Savings**

The DSM portfolio mid-year progress towards annual and lifetime energy savings are reported in Table 2. Savings are separated into the following categories:

- Capacity Savings (MW)
- Annual MWh Savings
- Annual Therm Savings
- Lifetime MWh Savings
- Lifetime Therm Savings

UNS Gas is including energy savings toward the Standard for changes in energy efficient building codes per AAC R14-2-2504(E). Energy savings from this program are reported in Table 2 below.

**TABLE 2 – DSM ENERGY SAVINGS BY PROGRAM**

<b>DSM Program</b>	<b>Annual MWh Savings</b>	<b>Annual Therm Savings</b>	<b>Lifetime Therm Savings<sup>b</sup></b>	<b>Lifetime MWh Savings</b>
<b>Residential Programs</b>				
Low-Income Weatherization	7	1,085	18,988	129
Residential New Construction	0	1,123	33,689	0
<b>Total for Residential Programs</b>	<b>7</b>	<b>2,208</b>	<b>52,676</b>	<b>129</b>
<b>Commercial Programs</b>				
C&I Facilities	0	479	7,190	0
Energy Codes and Standards <sup>a</sup>	0	0	0	0
<b>Total for Commercial Programs</b>	<b>0</b>	<b>479</b>	<b>7,190</b>	<b>0</b>
<b>Portfolio Totals</b>	<b>7</b>	<b>2,687</b>	<b>59,866</b>	<b>129</b>

<sup>a</sup>UNS Gas is including an energy savings credit toward the Standard for changes in energy efficient building codes per AAC. R14-2-2504(E).

<sup>b</sup>Annual and lifetime therm savings do not include MWh savings

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**1.2 DSM Annual Expenses**

The mid-year participation and program expenses compared to the program budget are reported in Table 3.

**TABLE 3 – DSM EXPENSES AND PARTICIPATION BY PROGRAM**

DSM Program	Number of Participants	Number of Measures	Expenses YTD	Budget
<b>Residential Programs</b>				
Low-Income Weatherization	31	31	\$59,105	\$102,694
Residential New Construction	23	23	\$5,856	\$25,900
Total for Residential Programs	54	54	\$64,962	\$128,594
<b>Commercial Programs</b>				
C&I Facilities	1	1	\$9,169	\$218,545
Total for Commercial Programs	1	1	\$9,169	\$218,545
Program Development, Analysis, & Reporting	NA	NA	\$11,000	\$12,828
<b>Portfolio Totals</b>	<b>55</b>	<b>55</b>	<b>\$85,130</b>	<b>\$359,967</b>

**1.3 Societal Benefits and Performance Incentives**

The portfolio societal benefit calculations are reported in Table 4. UNS Gas' 2016 mid-year portfolio Societal Cost Test ratio is 1.78 and includes all program costs and labor.

**TABLE 4 – DSM ENERGY SAVINGS AND SOCIETAL BENEFITS**

DSM Program	Societal Benefit	Societal Costs	Net Benefit
<b>Residential Programs</b>			
Low-Income Weatherization	\$116,478	\$59,105	\$57,373
Residential New Construction	\$53,044	\$22,338	\$30,706
Total for Residential Programs	\$169,521	\$81,443	\$88,079
<b>Commercial Programs</b>			
C&I Facilities	\$14,438	\$10,664	\$3,775
Total for Commercial Programs	\$14,438	\$10,664	\$3,775
<b>Portfolio Totals</b>	<b>\$183,960</b>	<b>\$92,106</b>	<b>\$91,853</b>
Program Development, Analysis & Reporting	NA	\$11,000	NA
<b>Portfolio Totals</b>	<b>\$183,960</b>	<b>\$103,107</b>	<b>\$91,853</b>

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**1.4 Lifetime Environmental Savings**

The annualized expenses for each program are reported in Table 5 below. Environmental savings are separated into the following categories:

- sulphur oxides (“SOX”),
- nitrogen oxides (“NOX”),
- carbon dioxide (“CO2”), and
- water consumption

**TABLE 5 – LIFETIME ENVIRONMENTAL SAVINGS BY PROGRAM**

DSM Program	Lifetime SOX Reduction (lbs)	Lifetime NOX Reduction (lbs)	Lifetime CO2 Reduction (lbs)	Lifetime Water Reduction (gallons)
<b>Residential Programs</b>				
Low-Income Weatherization	101	326	342,590	30,119
Residential New Construction	0	0	397,527	0
<b>Commercial Programs</b>				
C&I Facilities	0	0	84,840	0
<b>Portfolio Totals</b>	<b>101</b>	<b>326</b>	<b>824,957</b>	<b>30,119</b>