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June 15, 2017

Chairman Tom Forese
Arizona Corporation Commission
1200 W. Washington
Phoenix, AZ 85007-2996

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Dear Chairman Forese and Commissioners:

Re: Tucson community support for energy efficiency, and concerns with \$6 million of rollback and suspension of Tucson Electric Power's energy efficiency programs and services, Docket No. E-01933A-15-0178

As community groups, businesses, trade associations, consumer groups, and energy consumers, we know and experience firsthand how the Arizona Corporation Commission's energy policies and programs affect the cost of living and doing business in Tucson.

We strongly support programs and policies that encourage and advance energy efficiency because all Arizona consumers and businesses benefit when we eliminate energy waste.

Energy efficiency programs and investments are the lowest-cost option available – costing at least 5 times less than other alternatives according to Tucson Electric Power (TEP).¹ By investing in energy efficiency, we can reduce total energy costs for all TEP customers, mitigate the impact of fuel and electricity price increases, and build a more affordable, reliable electricity system for the businesses and citizens of Tucson and the state.

We recognize and applaud TEP's energy efficiency leadership to date. The numbers speak for themselves:

- In 2016, every \$1 invested in energy efficiency returned ~\$2.70 in benefits to ratepayers – a tremendous return on investment.²
- Energy efficiency has created more than 39,000 jobs across state, including more than 4,200 in Pima County.³ These well-paying jobs are in hands-on fields installing measures in homes or businesses and, as a result, cannot be outsourced.

¹ TEP reports that the average levelized cost for energy efficiency was \$9/MWh from 2011-2015. The next least expensive resource reported by Tucson Electric Power in its 2016 Preliminary Integrated Resource plan was \$48 or 5-times more, and other resources were even more expensive. See TEP's 2011-2015 Annual Demand Side Management Reports; and TEP's 2016 Preliminary Integrated Resource Plan.

² See TEP's 2016 Annual Demand Side Management Report.

³ See Environmental Entrepreneurs (E2), *Energy Efficiency Jobs in America*, December 2016.

- The programs are cost effective. Investing in energy efficiency by, for example, providing people with rebates to have their air conditioners tuned, is much less expensive than taking steps to generate more electricity, such as buying it at a premium on the open market or building new power plants.⁴

For these reasons, we are very concerned and surprised by plans to weaken and suspend TEP's energy efficiency programs. On May 8, 2017, TEP filed a letter with the Commission stating it has insufficient funds available (\$17 million) to continue to deliver programs at the \$23 million budget level approved by the Commission,⁵ the same budget as 2016. As a result of the \$6 million funding shortfall, TEP is suspending some programs and is no longer serving customers through important programs like its:

- **Multi-family energy efficiency program⁶** – which provides energy saving options to renters, many of whom are low-income and who face significant barriers to reducing their utility bills; and its
- **Commercial energy efficiency program⁷** – which provides comprehensive services and tools to small businesses and commercial business customers.

These developments are especially alarming given the recent approval of TEP's rate increase. During times of upward rate pressure, TEP's energy efficiency offerings are more vital than ever because they help residents and businesses control their energy costs, drive down energy bills, and redirect savings to the local economy. During times like these, TEP's energy efficiency programs should be strengthened — not weakened or suspended.

In closing, we urge you to build upon the success of TEP's energy efficiency programs and take immediate steps to fully fund the 2017 programs at the \$23 million level to serve the Tucson community. We urge you to direct TEP to retain the \$23 million budget previously approved by the Commission and set the DSM charge at the level necessary to support that budget.

We also stand ready to work with you and to provide additional information about the benefits that energy efficiency has and will continue to deliver for Tucson.

Thank you,

Alliance for Industrial Efficiency
American Council for Consumer Awareness
Antigone Books

⁴ Ibid at 1.

⁵ See: Tucson Electric Power, Notice of Spending Modifications to TEP's 2017 DSM Implementation Plan Docket No. E-01933A-15-0178, <http://docket.images.azcc.gov/0000179601.pdf>

⁶ See: <https://www.tep.com/efficiency-projects/>

⁷ See: <https://www.tepcommercialenergysolutions.com/Projects62/>

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Arizona Interfaith Power and Light
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Arizona Utility Ratepayers Alliance (AURA)
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Revolutionary Grounds
Sheet Metal and Air Conditioning Contractors' National Association (SMACNA)
Sheet Metal and Air Conditioning Contractors' National Association - Arizona Chapter
Social Justice Council, Unitarian Universalist Church of Tucson
SW Center for Economic Integrity
Swaim Associates Architects, LTD
Tierra y Libertad
Tucson 2030 District
Tucson Bus Riders Union
Tucson Urban League
Western Grid Group

For more information, please contact: Diane E. Brown, Arizona PIRG Education Fund, (602) 252-9227 (o); (602) 318-2779 (c); dbrown@arizonapirg.org