



Tucson Electric Power

88 East Broadway Blvd., Post Office Box 711  
Tucson, AZ 85702



June 23, 2017

Tom Forese, Chairman  
Bob Burns, Commissioner  
Doug Little, Commissioner  
Andy Tobin, Commissioner  
Boyd W. Dunn, Commissioner  
Arizona Corporation Commission  
1200 West Washington Street  
Phoenix, AZ 85007

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AZ CORP COMMISSION  
DOCKET CONTROL  
2017 JUN 23 P 3:51

Arizona Corporation Commission

DOCKETED

Re: Tucson Electric Power Company's Status of Energy Efficiency Programs  
Docket No. E-01933A-15-0178

JUN 23 2017

DOCKETED BY  
*GB*

Dear Chairman Forese and Commissioners:

On behalf of Tucson Electric Power ("TEP" or the "Company"), I would like to provide an update regarding the status of the Company's energy efficiency ("EE") programs.

TEP has made midyear adjustments to its commercial and residential EE programs to preserve their sustainability amid strong customer interest. Spending will fall short of the Company's original \$23 million budget because an anticipated carryover of surplus EE funds from 2016 was instead depleted by stronger than expected program participation.

While TEP filed an application<sup>1</sup> earlier this year to increase its Demand Side Management Surcharge, the Company withdrew that request after concluding that customers would be better served by efforts to maximize energy savings achievable with the existing surcharge. As a result, we made several adjustments to our residential and commercial EE programs to accommodate reduced spending levels. Those changes include reduced rebates for several residential EE programs. Rebates for energy efficient variable-speed pool pumps have been reduced from \$200 to \$100, for example, while rebates for smart thermostats have been reduced from \$50 to \$35. Additionally, monthly rebate limits were established for certain contractors participating in our Efficient Home Program.

TEP also stopped accepting new applications for its Commercial Energy Solutions program which provides rebates to incentivize business EE upgrades. Rebates remain available for contractors and customers who had already reserved them, and more than 500 incentivized commercial EE projects are expected to be completed in TEP's service territory by the end of the year.

TEP has informed participating contractors of these changes and has updated its website to reflect rebate reductions and other adjustments. While some businesses, contractors and other stakeholders have expressed dissatisfaction with the changes, they reflect our careful effort to achieve the highest energy savings levels possible without increasing costs for customers.

<sup>1</sup> Docket No. E-01933A-17-0075.



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The Company remains committed to EE and plans to continue providing cost-effective EE options for customers. Many such options will be included in TEP's 2018 EE Implementation Plan, which is being prepared for submission by August 1, 2017. We will seek opportunities to meet with each of you to discuss key elements of our 2018 Plan. In the meantime, I would be happy to answer any further questions you may have regarding these matters.

Sincerely,

A handwritten signature in blue ink that reads "Jo Smith". The signature is fluid and cursive, with the first name "Jo" being more prominent.

Jo Smith  
Vice President, Public Policy

cc: Docket Control, ACC