

Trico Electric Cooperative, Inc.

2012 -2013

Electric Energy Efficiency

Implementation Plan

A.A.C. R14-2-2405

June 1, 2011

TABLE OF CONTENTS

| | | |
|-----------|--|-----------|
| A. | Background | 3 |
| B. | Program Portfolio Overview | 3 |
| C. | Energy Efficiency/Demand Side Management Programs | 5 |
| | I. Residential Customer Programs | 6 |
| | II. Commercial/Industrial Programs | 13 |
| D. | Support Programs | 16 |
| E. | Program Development, Monitoring and Management | 18 |
| F. | EE Plan Budget, Projected Energy Savings and Tariff | 19 |
| G. | Other Administrative | 20 |

Exhibits

- Exhibit 1 – 2012-2013 EE Plan Benefit/Cost Analysis
- Exhibit 2 - 2012-2013 EE Plan Budget
- Exhibit 3 - Comparison of Existing and Proposed Rates – Residential
- Exhibit 4 - Projected DSM/EE Program Energy Savings

Appendices

- Appendix 1 - Demand Side Management Adjustment - Schedule DSMA

A. Background

Trico Electric Cooperative, Inc. (“Trico”) has prepared this Electric Energy Efficiency Implementation Plan for calendar years 2012 and 2013 (the “2012-2013 EE Plan”), pursuant to the Arizona Administrative Code R14-2-2418 (“EE Standards”), which addresses compliance for electric distribution cooperatives.

Trico’s current Demand Side Management (“DSM”) portfolio and its DSM adjustor rate mechanism were approved by the Arizona Corporation Commission (“Commission”) in Decision No. 71230, dated August 6, 2009 (“2009 Rate Case”). As further discussed below, the 2012-2013 EE Plan includes an increase to the DSM adjustor rate mechanism and associated tariff.

B. Program Portfolio Overview

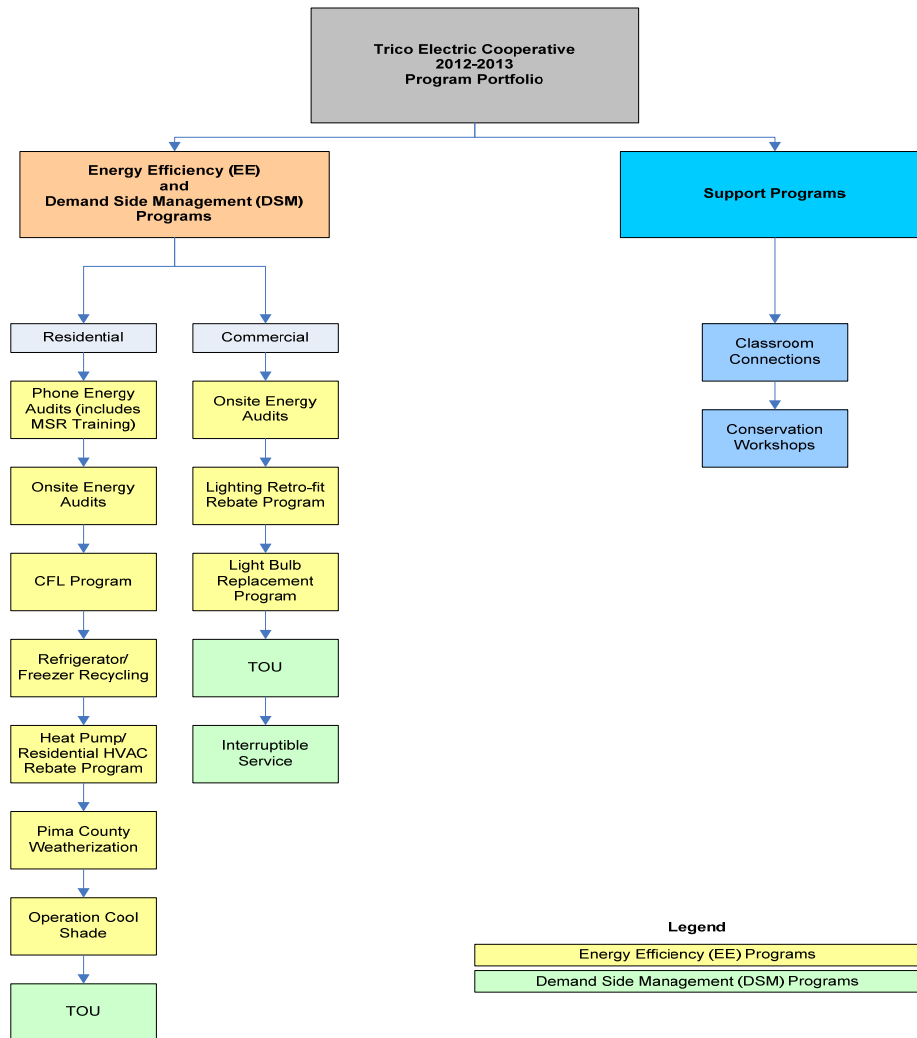
The 2012-2013 EE Plan includes the continuance and minor modifications of the existing DSM and Energy Efficiency (“EE”) Programs offered by Trico while also increasing its program portfolio. In the Trico 2009 Rate Case, the Commission Staff recommended that Trico study additional DSM programs, in particular a Compact Florescent Light bulb (CFL) program. In response to this recommendation and the new EE Standards, Trico is proposing to introduce several new DSM/EE Programs.

Existing Programs: Trico’s existing programs include: (1) Classroom Connections; (2) MSR Energy Training; (3) Residential Energy Audits; (4) Non-Residential Energy Audits; (5) Conservation Workshops; (6) Pima County Weatherization; (7) Operation Cool Shade; (8) Time of Use Rates; (9) Interruptible Rates.

Proposed New Programs: Trico’s proposed new programs include: (1) Residential/Commercial Lighting (CFL/Retro-fit); (2) Refrigerator/Freezer Recycling; and (3) Heat Pump/Residential HVAC.

Portfolio Summary: Figure 2-1 below illustrates Trico’s proposed 2012-2013 EE Plan Program Portfolio (“Program Portfolio”). The Program Portfolio includes the EE and DSM programs proposed by customer class and the support programs available to all of Trico’s customers.

Figure 2-1. Trico Program Portfolio



Goals and Objectives: Trico's 2012-2013 EE Plan goals and objectives are as follows:

- Implement EE and DSM programs that are cost-effective and maintainable given Trico's limited resources and budget.
- Expand Trico's EE and DSM Program Portfolio to ensure maximum participation by customers while balancing Trico's desire to minimize any rate increases and its EE Standard goals.
- Look for ways to coordinate current and future EE and DSM program opportunities with other electric distribution cooperatives and investor owned utilities in Trico's immediate and surrounding service territory.
- Utilize Trico's proven marketing techniques to educate its customers on how to better conserve energy usage through behavior modifications and other energy conservation measures.

Benefit/Cost Analysis: Exhibit 1 entitled "2012-2013 EE Plan Benefit/Cost Analysis" includes a summary of the societal cost/benefit ratios as well as the energy and environmental savings associated with each program included in Trico's Program Portfolio.

C. Energy Efficiency/Demand Side Management Programs

There are several programs that make up the EE and DSM portion of Trico's 2012-2013 EE Plan, which include: Energy Audit Programs, Residential and Commercial/Industrial Lighting Programs, Refrigerator/Freezer Recycling Program, Heat Pump/Residential HVAC Rebate Program, Operation Cool Shade Tree Program, Pima County Weatherization Program, Residential and General Service Time of Use Rate Programs and Interruptible Service Rate Program.

As part of Trico's Program Portfolio, there are Support Programs included that are offered to provide education and outreach to Trico customers. These Support Programs include: the Classroom Connections Program and the Energy Conservation Workshop Program. Each of the EE and DSM Programs as well as the Support Programs is described below.

I. Residential Customer Programs

a. Energy Audit Programs:

(i). Member Service Representative (MSR)/Phone Energy Audit Program:

This is an existing program that consists of a seven-hour workshop/training program that continues educating Trico's MSRs about on-going advances in energy-savings techniques, thus enabling the MSRs to better assist Trico members in using energy more efficiently.

The workshop teaches MSRs to conduct detailed telephone surveys of a customer's electricity usage, including the size of the home, the number and size of appliances in the home, as well as the size and type of heating, ventilation and cooling used in the home. The MSR also learns how to review the customer's daily habits and appliance operation. The MSR is then taught how to take this information and use it to make recommendations that will result in the customer using less energy on a day-to-day basis.

Such recommendations are made when a customer calls Trico with a high bill inquiry or when a customer requests

information about energy saving/bill reduction opportunities. Written documentation is saved into Trico's customer database and can be provided to the customer upon request.

This program will continue to be managed, marketed and advertised by Trico, with the possibility of some program management assistance to be provided by a third party implementation contractor, should the interest in this program grow to levels that exceed the capabilities of internal Trico employees. This program will be available until such time as the budget for the program is exhausted.

(ii). Residential Onsite Energy Audit Program:

This is an existing program that provides on-site residential home energy audits for those customers who have participated in the telephone home energy audits and who still have questions. The purpose of this program is to provide additional information relating to a customer's energy usage to enable the customer to make educated decisions relating to how he/she can conserve energy.

Trico representatives schedule a visit to a customer's home and at a minimum:

- Conduct an analysis of the home's thermal envelope
- Survey the electric appliance
- Review the living habits of all occupants

- Provide appropriate recommendations based on the results of the audit
- Distribute energy efficiency-related materials for the customer to review

This program will continue to be managed, marketed and advertised by Trico, with the possibility that some aspects of program management may be provided by a third party implementation contractor, should the interest in this program grow to levels that exceed the capabilities of internal Trico employees. This program will be available until such time as the budget for the program is exhausted.

b. Residential Lighting Program

This program will be new to Trico with the approval of its 2012-2013 EE Plan. The purpose of this program is to promote the installation of high-efficiency Compact Fluorescent Light bulbs (CFLs) in homes within the Trico service territory. The program will provide discount pricing from CFL manufactures and retailers (up-stream buy-down), and provide for distribution of CFLs through local retailers. Customers will be referred to participating retailers to purchase qualifying CFLs, and the discount pricing will be passed on to Trico's customers through a negotiated agreement with lighting manufactures and retailers.

This program will be marketed and advertised primarily by Trico, but the overall administration of the program, which includes working with local retailers to track the purchases of the CFLs by Trico customers

and providing Trico with detailed reports of purchased CFLs, may be managed by a third party implementation contractor. Trico plans to manage the program in a way that it can pool its purchases with other utilities and thereby lower light bulb costs and maximize promotion. This program will be available until such time as the budget for the program is exhausted.

c. Refrigerator/Freezer Recycling Program

This program will be new to Trico with the approval of its 2012-2013 EE Plan. The purpose of this program is to remove secondary old refrigerators and freezers from customer's homes. Further, these refrigerators and freezers will be recycled responsibly through a process that captures all the hazardous materials (including CFC-11 and CFC-12, oils, PCBs, mercury) and recycles as much material as possible (>95%).

This program will be marketed and advertised primarily by Trico, but the appliance pickup and recycling services as well as the tracking of the appliances recycled and the savings associated with such recycling will be managed by a third party implementation contractor. As is the case with the Residential Lighting Program, Trico plans to pool its efforts with other utilities to allow Trico to maximize promotion and minimize cost in addition to offering the service. Trico will provide a rebate to its customers per unit recycled to incentivize participation in the program. Such rebates will be provided until such time as the budget for the program is exhausted.

d. Heat Pump/Residential Heating Ventilation and Air Conditioning (HVAC) Rebate Program

This program targets existing homes in the Trico service territory that are in need of energy efficiency improvements specifically in the area of heating and cooling. This program will provide rebates to Trico customers for those high efficiency heat pump and residential HVAC systems purchased and installed in existing homes in the Trico service territory that exceed the federal minimum efficiency standards.

Any contractor may install or provide qualifying equipment to Trico customers. The rebates for such installations will be provided based on the size of the equipment in tons associated with replacing existing systems with more efficient systems.

This program will be managed, marketed and advertised by Trico, with the possibility of some program management assistance to be provided by a third party implementation contractor, should the interest in this program grow to levels that exceed the capabilities of internal Trico employees. This program will be available until such time as the budget for the program is exhausted.

e. Pima County Weatherization Program

For Trico's 2012-2013 EE Plan, it plans to provide \$10,000 each year to the Pima County Weatherization program. The goal of this program is to improve energy efficiency in homes in the Trico service area by assisting low-income residents in reducing energy use and lowering

their utility bills by implementing year-round weatherization measures. This program is provided at no cost to eligible customers.

To qualify for the program, the applicant must contact Pima County for an application. Eligible applicants must have a household income less than 150 percent of the federal poverty level. Program participation is subject to funding availability.

This program includes Pima County representatives determining the work needed and installing weatherization measures on approved homes and structures, including:

- Caulking & weather-stripping
- Insulation (attic, wall, & duct)
- Water heater insulation & exposed pipe wrap
- Attic ventilation
- Screens
- Paint roof & exposed ducts white
- Service evaporative coolers
- Replace evaporative coolers or motors with two-speed motors
- Plant trees on south/west exposures
- Installation of evaporative cooler thermostat
- Installation of low-flow shower heads

f. Operation Cool Shade Program

Trico plans to modify its current Operation Cool Shade program, which promotes energy conservation through the planting of low-water use shade trees. Under the existing program, in partnership with the Pima County Master Gardeners, the Operation Cool Shade program provided small (five-gallon) desert-adapted trees to customers at heavily discounted rates in which customers were instructed to plant the trees on the south, west and east sides of the homes with the objective of providing summer shading. When mature, the trees reduce Trico's summer cooling loads and reduce the individual customer's electric bill.

Customer's attending tree-care classes were instructed on how to plant their trees for maximum energy efficiency as well as appropriate distances from structures. The customer also received information about safely pruning the trees to decrease winter shading as well as information regarding tree maintenance and the removal of ground debris to reduce fire danger. Customers were eligible to purchase up to three trees under the previous Operation Cool Shade Program.

Under Trico's 2012-2013 EE Plan, Trico will continue to offer the Operation Cool Shade Program, however, Trico will work with Tucson Clean and Beautiful or "Trees for Tucson" to conduct the program management items associated with the program. Trico would be responsible for administering the purchase of the trees by the customers and ensuring eligibility to purchase trees. Tucson Clean and Beautiful

would be responsible for the delivery of the trees to the customers, educating the customers about the appropriate locations to plant the trees and how to care for the trees, and Tucson Clean and Beautiful would also be responsible for providing Trico with detailed reports tracking the amount of trees delivered to the customers and the kWh savings to be expected for each tree sold detailed by the type of tree delivered.

g. Residential Time of Use (TOU) Program

This is an existing program, approved in Trico's 2009 Rate Case which is available pursuant to Trico's Residential Time of Use Service Schedule RS2TOU Tariff. While Trico believes that it has received and will continue to receive kWh savings from its time of use rates and the efforts of TOU customers to reduce on-peak usage, it has not included any request for funding or any kWh savings as part of this plan.

II. Commercial/Industrial Programs

a. Non-Residential Onsite Energy Audit Program:

This is an existing program whereby Non-Residential Energy Audits are available upon request from Trico's Commercial and Industrial customers. The audit includes at a minimum:

- Site survey
- Load profile analysis
- Study of historical usage
- Identify when and where energy is consumed within the facility

- Compilation of a comprehensive report reviewed with the customer. The report includes recommendations in the areas of technology and best practices that will improve the energy efficiency of electric equipment at the facility, which may include replacing inefficient equipment and improving the building envelope.

This program will continue to be managed and advertised by Trico, with the possibility of some program management assistance to be provided by a third party implementation contractor, should the interest in this program grow to levels that exceed the capabilities of internal Trico employees. This program will be available until such time as the budget for the program is exhausted.

b. Commercial Lighting Rebate Programs

(i) Commercial Lighting Retro-fit Rebate Program

This program will be new to Trico with the approval of its 2012-2013 EE Implementation Plan. This purpose of this program is to promote the replacement of less efficient lighting with Environmental Protection Agency / Department of Energy (“DOE”) Energy Star approved lighting in commercial/industrial businesses within the Trico service territory. The program will provide a rebate for the per Watt savings associated with the replacement of the less efficient lighting with more energy efficient lighting up to a maximum amount per customer.

This program will be managed primarily by Trico, with the possibility of some program management assistance to be provided by a

third party implementation contractor. This program will be available until such time as the budget for the program is exhausted.

(ii) Commercial Light Bulb Replacement Program

This program will be new to Trico with the approval of its 2012-2013 EE Plan. The purpose of this program is to promote the replacement of less efficient light bulbs with more efficient light bulbs in commercial/industrial businesses within the Trico service territory. For example replacing incandescent light bulbs with compact fluorescent light bulbs (CFLs) or replacing CFLs with Light Emitting Diode (LED) lights. The program will negotiate discount pricing from qualifying light bulb manufactures and retailers (up-stream buy-down), and provide for distribution of qualifying light bulbs through local retailers. Customers will be referred to participating retailers to purchase qualifying light bulbs, and the discount pricing will be passed on to Trico's customers through a negotiated agreement with lighting manufactures and retailers.

This program will be marketed and advertised primarily by Trico, but the overall administration of the program, which includes working with local retailers to administer the programs as well as tracking the purchases of the qualifying light bulbs by Trico customers and providing Trico with detailed reports of such light bulbs purchased, will be managed by a third party implementation contractor. This program will be available until such time as the budget for the program is exhausted.

c. General Service Time of Use (TOU) Program

This is an existing program approved in Trico's 2009 Rate Case which is available pursuant to Trico's General Service Time of Use – Experimental Schedule GS-TOU Tariff. As indicated in the discussion above concerning the Residential Time of Use program, Trico has included no estimated cost and no estimated savings as part of this filing; though it believes it has experienced savings.

d. Interruptible Service Program

This is an existing program approved in Trico's 2009 Rate Case and is available pursuant to Trico's Interruptible Service for Commercial and Industrial Schedule IS1 and Interruptible Service for Irrigation and Water Pumping Services Schedule IS2 Tariffs, as well as, Trico's General Service Greater than 2 MW Schedule GS4 Tariff.

This program has been in place for many years. Trico has included, under the provisions of the EE Standards, appropriate allowance for this program in terms of kW and kWh savings. Trico has not included the cost of this program, as the cost is being recovered through its existing rates.

D. Support Programs

The Support Programs listed below provide overarching assistance and outreach to Trico customers. All of the Support programs are existing programs approved in Trico's 2009 Rate Case.

I. Classroom Connections Program

The Classroom Connection program educates elementary school students on the value and importance of energy efficiency and teaches them ways they can save energy in their own home.

Trico conducts an age-appropriate learning session during classroom time to teach the students ways to conserve energy and how to choose energy efficient appliances. Students are shown basic energy savings measures as well as the benefits of saving energy. An Energy Savings Information Sheet and an Energy Savings Checklist are distributed to all students. The students are also provided with an energy savings survey to fill out with their parents. All students that fill out and return the survey receive a “prize” that promotes energy efficiency as a reminder to continue to conserve.

II. Energy Conservation Workshop Program

The Energy Conservation Workshop Program is an outreach program that provides homeowners ways to conserve energy and be more energy efficient.

Trico conducts energy efficiency presentations at meetings of homeowners associations, community groups and at Trico’s headquarters. Trico actively seeks meetings and events where they can address Trico customers.

The presentation includes information on:

- Energy savings associated with installing CFLs
- Energy savings associated with installing programmable thermostats
- Benefits of weatherization and insulation

- Basic home maintenance and its effects on energy efficiency
- Benefits of purchasing Energy Star-rated appliances
- Distribution of home energy savings guides to further help them reduce their energy usage.

E. Program Development, Monitoring and Management

Program Development: Trico's 2012-2013 EE Plan includes programs that it plans to continue as well as the new programs that it plans to implement over the next two years. However, continuous improvement is essential to maintain and grow the programs. Trico plans to continue its research and development of additional cost-effective, energy saving programs.

Program Monitoring: Each of the aforementioned EE and DSM Programs will be monitored and evaluated on at least a bi-annual basis. Such program monitoring will include, but is not limited to:

- Review of customer accounts comparing past energy usage with current energy usage.
- Follow-up surveys with customers regarding any changes that they may/may not have made to their energy usage using information provided by Trico.
- Review and analysis of information provided by third party implementation contractors who assisting with the management of programs.

Program Reporting and Plan Filing: On or before June 1 of each odd year, Trico will file an implementation plan for the next two calendar years, as required pursuant to R14-2-2405. By March 1 and September 1 of each year, Trico will file the required reports pursuant to R14-2-2409.

Program Advertising: The advertising for Trico's 2012-2013 EE Plan includes a variety of mediums, including, but not limited to: bill inserts and ads/stories in monthly newsletters; counter cards and posters; paid ads in local newspapers; paid ads on rural radio stations; participation at local events, such as cooperative annual meetings and county fairs; and an EE/DSM program promotional presence on the Trico website.

F. EE Plan Budget, Projected Energy Savings and Tariff

The 2012-2013 EE Plan proposes to utilize the surcharge dollars collected from its DSM Adjustment Tariff to fund its 2012-2013 EE Plan programs. The 2012-2013 EE Plan includes financial support for the continuance of Trico's current EE and DSM Programs, as approved under Trico's 2009 Rate Case, as well as for the expansion of its EE and DSM Program Portfolio. Funds will also be used to pay for the development of future programs as well as a portion of the administration and advertising of the 2012-2013 EE and DSM Programs.

EE Plan Budget: As part of Trico's 2009 Rate Case, Trico was approved to begin charging a DSM/EE adjustor in the amount of \$0.000191356 per kWh to all members to recover its approved EE and DSM Program costs. Trico's 2012-2013 EE Plan includes an increase in the DSM surcharge energy rate from \$0.000191356/kWh to \$0.000356/kWh in 2012, which results in a projected increase in the total annual dollars to fund the EE and DSM Programs from \$115,828 to \$238,854. For 2013, Trico

proposes to continue the DSM surcharge energy rate of \$0.000356/kWh to fund the EE and DSM Programs. Although the surcharge is proposed to remain the same in both years of the plan, the EE Plan Budget for 2013 would increase slightly assuming an increase in annual kWh sales, which Trico current projects. A summary of the budget, by program, is attached as Exhibit 2 entitled “2012-2013 EE Plan Budget”. Exhibit 3 entitled “Comparison of Existing and Proposed Rates – Residential” summarizes the impact on the residential customers and the forecasted collection from Trico’s DSM surcharge tariff by customer class utilized for the 2012-2013 EE Plan Budget.

Projected Energy Savings: Based on the programs proposed under Trico’s 2012-2013 EE Plan and how the savings associated with existing EE and DSM programs can be counted pursuant to the EE Standards, Trico anticipates that its EE and DSM programs will provide a total of 3,590,091 kWh savings in 2012 or .544% of Trico’s 2011 projected kWh sales and a total of 6,787,768 kWh savings in 2013 or 1.011% of Trico’s 2012 projected kWh sales. The savings, by EE and DSM Program is attached as Exhibit 4 entitled “Projected DSM/EE Program Energy Savings”.

EE Plan Tariff: Trico has modified its current DSM surcharge, attached as Appendix 1 entitled “Demand Side Management Adjustment - Schedule DSMA”, to reflect the proposed Demand Side Management Adjustment - Schedule DSMA Tariff described above.

G. Other Administrative

In an effort to maintain and grow participation in its DSM/EE Programs, Trico requests Commission approval to shift approved funds between programs, and to modify the program budgets in the 2012-2013 EE Plan when cost-effective to do so. This

flexibility is essential to Trico's ability to grow its programs as Trico does not know the response from its customers when implementing new programs. This flexibility will also help Trico to maintain and maximize the most successful programs without oversubscription.

Exhibit

“1”

Exhibit 1

2012-2013 EE Plan Benefit/Cost Analysis

| TRICO ELECTRIC COOPERATIVE 2012-2013 EE PLAN BENEFIT/COST ANALYSIS | | | | | | | | | |
|---|--|--------------------------------|--------------------------------|---------------------------|--------------------|----------------------------|-----------------------|-------------------|------------------|
| Assumptions | | | | | | | | | |
| Projected 2011 Electricity Sales (kWh) | | 659,395,000 | | | | | | | |
| Projected 2012 Electricity Sales (kWh) | | 671,124,000 | | | | | | | |
| | | Total Program Budget (2012) | Total Program Budget (2013) | Customer Participation | Baseline kWh | Annual Savings (kWh) | Societal Benefits | Societal Costs | Societal Test |
| New EE/DSM Programs | | \$ 101,651 | \$ 106,228 | 4,516 | | 1,620,422 | \$ 380,217 | \$ 94,122 | 4.04 |
| Residential Lighting Program | | \$ 33,430 | \$ 34,350 | 3,780 | | 713,483 | 118,282 | 30,954 | 3.82 |
| Refrigerator/Freezer Recycling Program | | \$ 42,840 | \$ 44,100 | 340 | | 412,080 | 134,137 | 39,667 | 3.38 |
| Commercial Lighting Program | | \$ 1,716 | \$ 1,786 | 194 | | 159,857 | 29,042 | 1,589 | 18.28 |
| Commercial Retro-fit Rebate Program | | \$ 2,578 | \$ 2,699 | 97 | | 264,180 | 47,997 | 2,387 | 20.11 |
| Heat Pump/Residential HVAC Rebate Program | | \$ 21,088 | \$ 23,293 | 105 | | 70,822 | 50,759 | 19,525 | 2.60 |
| Existing EE/DSM Programs | | \$ 115,366 | \$ 115,366 | 2,500 | | 1,877,865 | \$ 152,865 | \$ 116,508 | 1.31 |
| Energy Audit Program | | \$ 93,148 | \$ 93,148 | 1,000 | | 232,226 | | | |
| Operation Cool Shade Program | | \$ 22,218 | \$ 22,218 | 1,500 | | 162,000 | | | |
| Interruptible Service Program | | \$ - | \$ - | | | 1,483,639 | Not applicable | | |
| Support Programs | | \$ 10,463 | \$ 10,463 | 765 | | 91,804 | See Existing Programs | | |
| Classroom Connections | | \$ 981 | \$ 981 | 750 | | 75,799 | | | |
| Pima County Weatherization | | \$ 9,481 | \$ 9,481 | 15 | | 16,005 | | | |
| Research and Development | | \$ 11,374 | \$ 33,109 | | | | Not applicable | | |
| Total Operating Cost | | \$ 238,854 | \$ 265,165 | 7,781 | 671,124,000 | 3,590,091 | | | |
| Accumulated Cost | | \$ 238,854 | \$ 504,019 | | | | | | |
| Estimated Environmental Impact | | 2012 | Total | | | | | | |
| CO2 | | 6,620,128 | 1,844,000 | | | | | | |
| SO2 | | 12,278 | 0.003420 | | | | | | |
| Nox | | 18,668 | 0.005200 | | | | | | |
| Total | | 6,651,074 | 1.852620 | | | | | | |

Exhibit

“2”

Exhibit 2

2012-2013 EE Plan Budget

| TRICO ELECTRIC COOPERATIVE 2012-2013 EE PLAN BUDGET | | |
|---|--------------------|--------------------|
| | <u>2012</u> | <u>2013</u> |
| New EE/DSM Programs | \$ 101,651 | \$ 106,228 |
| Residential Lighting Program | \$ 33,430 | \$ 34,350 |
| Refrigerator/Freezer Recycling Program | \$ 42,840 | \$ 44,100 |
| Commercial Lighting Program | \$ 1,716 | \$ 1,786 |
| Commercial Retro-fit Rebate Program | \$ 2,578 | \$ 2,699 |
| Heat Pump/Residential HVAC Rebate Program | \$ 21,088 | \$ 23,293 |
| Existing EE/DSM Programs | \$ 107,714 | \$ 107,713 |
| Member Service Representative (MSR) Phone Energy Audit Program | \$ 45,553 | \$ 44,813 |
| Residential Onsite Energy Audit Program | \$ 13,661 | \$ 14,071 |
| Non-Residential Onsite Energy Audit Program | \$ 11,000 | \$ 11,330 |
| Operation Cool Shade Program | \$ 37,500 | \$ 37,500 |
| Residential Time of Use (TOU) Program | \$ - | \$ - |
| General Service Time of Use (TOU) Program | \$ - | \$ - |
| Interruptible Service Program | \$ - | \$ - |
| Support Programs | \$ 18,115 | \$ 18,115 |
| Classroom Connections | \$ 3,115 | \$ 3,115 |
| Pima County Weatherization | \$ 10,000 | \$ 10,000 |
| Energy Conservation Workshop Program | \$ 5,000 | \$ 5,000 |
| Development, Monitoring and Management | \$ 11,374 | \$ 33,109 |
| Total Operating Cost | \$ 238,854 | \$ 265,165 |
| Accumulated Cost | \$ 238,854 | \$ 504,019 |

Exhibit

“3”

Exhibit 3

Comparison of Existing and Proposed Rates – Residential

| TRICO ELECTRIC COOPERATIVE | | | | | |
|---|---------|-------------------------|-------------------------|---------------|-----------------------|
| COMPARISON OF EXISTING AND PROPOSED RATES | | | | | |
| RESIDENTIAL | | | | | |
| kWh Usage | | Existing Billing | Proposed Billing | Change | Percent Change |
| Customer Charge | | 15.00 | 15.00 | 0.00 | 0.00% |
| Energy Charge | | 0.121600 | 0.121600 | 0.000000 | 0.00% |
| WPCA | | 0.005000 | 0.005000 | 0.000000 | 0.00% |
| REST | | 0.008065 | 0.008065 | 0.000000 | 0.00% |
| Max REST | | 3.00 | 3.00 | 0.00 | 0.00% |
| DSM Factor | | 0.000191 | 0.000356 | 0.000165 | 86.39% |
| 50 | | 21.74 | 21.75 | 0.01 | 0.05% |
| 100 | | 28.49 | 28.50 | 0.01 | 0.04% |
| 250 | | 48.71 | 48.76 | 0.05 | 0.10% |
| 500 | | 81.40 | 81.48 | 0.08 | 0.10% |
| 750 | | 113.09 | 113.22 | 0.13 | 0.11% |
| 1,000 | | 144.79 | 144.96 | 0.17 | 0.12% |
| 1,500 | | 208.19 | 208.43 | 0.24 | 0.12% |
| 2,000 | | 271.58 | 271.91 | 0.33 | 0.12% |
| 3,000 | | 398.37 | 398.87 | 0.50 | 0.13% |
| 5,000 | | 651.96 | 652.78 | 0.82 | 0.13% |
| 916 | Average | 134.14 | 134.29 | 0.15 | 0.11% |

Exhibit

“4”

Exhibit 4

Projected DSM/EE Program Energy Savings

| TRICO ELECTRIC COOPERATIVE PROJECTED SAVINGS | | | | |
|---|--|--------------------|--------------------|--------------------|
| | | <u>2011</u> | <u>2012</u> | <u>2013</u> |
| Projected kWh Sales | | 659,395,000 | 671,124,000 | 744,846,000 |
| Savings Achieved | | - | 3,590,091 | 6,787,768 |
| Projected Sales less Savings | | 659,395,000 | 667,533,909 | 738,058,232 |
| <u>Required Savings from Prior Year Sales</u> | | | | |
| Required Savings | | 1.3% | 3.0% | 5.0% |
| Cooperative Discount | | 75% | 75% | 75% |
| Required Cooperative Savings % | | 0.938% | 2.250% | 3.750% |
| Required Cooperative Savings kWh | | 5,806,355 | 14,836,388 | 25,167,150 |
| <u>Accumulated Program Savings</u> | | | | |
| Existing Programs | | - | - | - |
| New Programs | | - | 3,590,091 | 6,787,768 |
| Total Savings | | - | 3,590,091 | 6,787,768 |
| Savings % | | 0.000% | 0.544% | 1.011% |
| Difference | | 5,806,355 | 11,246,297 | 18,379,382 |
| Projected % of Achievement | | | 24% | 27% |

Appendix “1”

Appendix 1

Demand Side Management Adjustment - Schedule DSMA

ELECTRIC RATES

TRICO ELECTRIC COOPERATIVE, INC.

8600 W. Tangerine Road

Marana, Arizona 85658

Filed By: Vincent Nitido

Title: CEO/General Manager

Effective Date: January 1, 2012

STANDARD OFFER TARIFF

**DEMAND SIDE MANAGEMENT ADJUSTMENT
SCHEDULE DSMA**

Applicability

The Cooperative shall recover its costs for Commission pre-approved DSM programs through a separate DSM mechanism which shall provide for a separate and specific Commission accounting for pre-approved DSM costs. The DSMA shall be applicable to all customers receiving standard service.

Rate

For 2012: the charge shall be \$0.000356 per kWh

For 2013: the charge shall be \$0.000356 per kWh