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AZ CORP COMMISSION
DOCUMENT CONTROL



April 14, 2006

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

Re: Compliance Filing due pursuant to A.A.C. R14-2-1618; D.
Docket No. RE-00000C-00-0377, Decision No. 63486

Docket Control:

UNS Electric, Inc. is required by A.A.C. R14-2-1618, section D to file reports on sales and portfolio power demonstrating the output of portfolio resources, the installation date of portfolio resources, and the transmission of energy from those portfolio resources to Arizona consumers. Please find enclosed an original and thirteen copies of the required reports for the year ending 2005. Also enclosed is an additional copy of the filing that the Company requests you date-stamp and return in the self-addressed, stamped envelope for our files.

If you have any questions, please do not hesitate to contact me at 520.884.3680.

Sincerely,

Jessica Bryne
Regulatory Services

Cc: Brian Bozzo, ACC
Carmela Leon, ACC
Dave Couture, UNS

UNS Electric, Inc.

**2005 Annual Report on
Environmental Portfolio Standard Programs**

**Prepared for:
Arizona Corporation Commission**

**Prepared by:
Eileen Jacobson**

EPS Activity Summary

Pursuant to the Arizona Corporation Commission (“Commission”) Order in Docket No. E-04204A-04-0304, Decision No. 67178, UNS Electric, Inc., a subsidiary of UniSource Energy Services (“UNS Electric”) (formerly Citizens Communication Company, Mohave Electric Division and Santa Cruz Electric Division [“Citizens”]) presents its annual report on Environmental Portfolio Standard (“EPS”) programs for the period covering January 1, 2005 through December 31, 2005.

Based on the percentage requirements of the portfolio standard, the following chart of MWh requirements has been used to forecast the UNS Electric EPS annual renewable energy needs:

EPS kWh Requirements

Year	UNSE/Citizens' Retail MWh Sales	EPS %	EPS MWh Required	Accumulated EPS MWh Required
Actual				
2001	1,275,036	0.20	2,550	2,550
2002	1,136,581	0.40	4,546	7,096
2003	1,392,466	0.60	8,355	15,451
2004	1,462,633	0.80	11,701	27,152
2005	1,520,947	1.00	15,209	42,361
Projected				
2006	1,566,575	1.05	16,449	58,811
2007	1,613,572	1.10	17,749	76,560
2008	1,661,979	1.10	18,282	94,842
2009	1,711,839	1.10	18,830	113,672
2010	1,763,194	1.10	19,395	133,067
2011	1,816,090	1.10	19,977	153,044
2012	1,723,890	1.10	18,963	172,007
Total	18,644,802		172,007	896,612

Surcharge revenues and program expenditures applicable for 2005 are summarized in Table 1. EPS energy totals for 2005 and program to date are shown in Table 2. The energy (kWh) output from UNS Electric’s on-site photovoltaic stations is outlined in Table 3.

Table 1
Summary of EPS Programs
Period from January 1, 2005 through December 31, 2005

Summary of Program Revenues			
Description	Thru 12/31/04	Period 1/01/05 - 12/31/05	Life of Program
GreenWatts Total	\$0	\$3,973	\$3,973
Renewables Surcharge Total	\$1,744,801	\$525,252	\$2,270,053
Total EPS Program Revenues	\$1,744,801	\$529,225	\$2,274,026
Summary of Program Expenditures			
Hardware Buydown Program	\$4,500	\$58,378	\$62,878
Landfill Gas Credits	\$317,000	\$150,000	\$467,000
Marketing	\$0	\$19,235	\$19,235
Materials & Supplies	\$0	\$167	\$167
Outside Services & Contracting	\$0	\$400	\$400
Payroll	\$0	\$18,316	\$18,316
TEP Support Services	\$9,487	\$0	\$9,487
Training & Travel	\$0	\$967	\$967
Total EPS Renewables Expenditures	\$330,987	\$247,462	\$578,449
Program Balance			
	\$1,413,814	\$281,762	\$1,695,576

Table 2

Summary of EPS Energy Totals
Period from January 1, 2005 through December 31, 2005

Description	Cumulative Thru 12/31/04	Reporting Period 1/1/05 - 12/31/05	Cumulative Thru 12/31/05
Retail Sales, kWh	5,266,716,000	15,209,000	5,281,925,000
UES EPS Requirement (1.0% of retail sales for 2005), kWh	27,152,000	1,520,900	28,672,900
"Other" Credits Needed To Meet EPS Requirements (40% in 2005), kWh	10,860,800	608,360	11,469,160
"Solar Electric" Resource Credits Needed to Meet EPS Requirements (60% in 2005), kWh	16,291,200	912,540	17,203,740
"Solar Electric" Resource Credits Generated, kWh (Note 1)	284,000	53,476	337,476
"Solar Electric" Resource Credits Purchased, kWh (Note 1)	0	0	0
"Other" Credits Generated, kWh	0	0	0
"Other" Credits Purchased, kWh	12,680,000	6,000,000	18,680,000
Total "Solar Electric" Credits, kWh	284,000	53,476	337,476
Total "Other" Credits, kWh	12,680,000	6,000,000	18,680,000
Excess "Solar Electric" Credits Above Meeting EPS Requirements, kWh	-16,007,200	-859,064	-16,866,264
Excess "Other" Credits Above Meeting EPS Requirements, kWh	1,819,200	5,391,640	7,210,840
EPS Renewable Energy Percentage Met – (Note 1)	41.0	43.5	41.2

(Note 1) Includes extra credit multipliers, 2.0 for 2005

Table 3

**EPS Solar Energy Production
Period from January 1, 2005 through December 31, 2005**

KINGMAN PRODUCTION		LAKE HAVASU PRODUCTION	
2005 - kWh		2005 - kWh	
Davidson, Kevin	2348	Goettelmann, Herbert	960
Stinchfield, Ronald	3670	Harmon, Jeannie	3920
Taffan, Mike	4400	Klukas, Rodger	1620
Goodblood, Robert	1290	Company Owned Facilities	3840
Roe, Alan	1480		
Company Owned Facilities	3210		
TOTAL kWh	16398	TOTAL kWh	10340
TOTAL Production 26,738			

Total actual kWh generated for the year:
 $26,738 * 2.0$ multiplier (early installation, in-state credits, distributed generation) = 53,476 kWh

Cumulative Solar kWh generated:

Year	kWh	Multipliers .5 Early Installation .5 In-State Installation .5 Distributed Generation	Total EPS kWh
1998	19,000	2.5	47,500
1999	19,000	2.5	47,500
2000	19,000	2.5	47,500
2001	19,000	2.5	47,500
2002	19,400	2.5	47,500
2003	13,333	2.0 (Early Install Multiplier Ended)	26,700
2004	9,978	2.0	19,956
2005	26,738	2.0	53,476
Total			337,632

SOLAR PROJECTS TO DATE

Two solar projects were initiated in 1997. The two systems installed by Citizens were part of a pilot project undertaken in partnership with a TEAM-UP utility working group. The group received funds from the federal Department of Energy through a partnering program with the Utility Photo Voltaic Group.

This solar project includes two sites:

Lake Havasu City:

- 2 Systems
- Each system comprised of 12 panels for a total of 24 panels
- Site output is approximately 4 kW
- Grid connected (no battery storage)

Kingman:

- 2 systems
- One system is comprised of 13 panels, the other has 14 for a total of 27 panels
- Site output is approximately 4 kW
- Grid connected (no battery storage)

In addition, to further meet the EPS requirements, UNS Electric purchased 6,000 MWh of Landfill Gas Credits from Tucson Electric Power (TEP), issued under EPS Credit Certificate No. TEP/UNSE - 003. With this purchase, UNS Electric will carry a credit surplus of 7,211 MWh of "Other" credits into 2006.

UNS Electric received approval from the Arizona Corporation in August 2004 for the GreenWatts and SunShare Programs. Since the inception of the SunShare Program, eleven customers have received \$62,878 in subsidies through 2005. In addition, UNS Electric is currently performing preliminary wind survey tower siting work.