



0000065044

BEFORE THE ARIZONA CORPORATION COMMISSION

1
2 JEFF HATCH-MILLER
Chairman
3 WILLIAM A. MUNDELL
Commissioner
4 MIKE GLEASON
Commissioner
5 KRISTIN K. MAYES
Commissioner
6 BARRY WONG
Commissioner
7

Arizona Corporation Commission

DOCKETED

DEC 21 2006

DOCKETED BY
nr

8 IN THE MATTER OF THE APPLICATION)
9 OF UNS ELECTRIC, INC. TO EXTEND)
10 AND MODIFY ITS GREENWATTS™)
11 SUNSHARE PROGRAM)

DOCKET NO. E-04204A-06-0621

DECISION NO. 69201

ORDER

12 Open Meeting
13 December 19 and 20, 2006
14 Phoenix, Arizona

14 BY THE COMMISSION:

15 FINDINGS OF FACT

16 1. UNS Electric, Inc. ("UNSE") is engaged in providing electric service within
17 portions of Arizona, pursuant to authority granted by the Arizona Corporation Commission
18 ("Commission").

19 2. On August 10, 2004, in Decision No. 67178, the Commission approved the original
20 UNSE Greenwatts™ SunShare Program ("Program"). The purpose of the Program is to encourage
21 the installation of renewable energy systems at customer premises.

22 3. On September 21, 2006, UNSE filed an application to revise its Greenwatts™
23 SunShare Program.

24 4. There are three specific proposed changes to the Program. First, UNSE proposes to
25 extend the program until December 31, 2008, or until the Commission approves a UNSE proposed
26 Uniform Credit Purchase Program, whichever occurs first.

27 5. Second, UNSE proposes to change the incentive payment to \$3.00 per Standard
28 Test Condition ("STC") rated DC Watt. This equates to a \$3,000 incentive for each rated DC KW.

1 UNSE's current approved Program allows for payment of up to \$2.40 per STC rated DC Watt.
2 The term of the Renewable Energy Credits purchased would be extended through 2020.

3 6. Third, UNSE proposes to increase the annual program cap from the current 50 KW
4 DC to 120 KW DC.

5 7. The proposed customer incentive is \$3,000 per manufacturer's rated DC KW. The
6 customer must sign an agreement assigning rights to the electrical output and all associated
7 environmental credits to UNSE through December 31, 2020. UNSE will return all of the electric
8 output to the owner at no cost. No maintenance will be provided by UNSE.

9 8. The Program is limited to providing incentives for 120 KW of solar capacity in
10 2007 and 2008.

11 9. UNSE has estimated the cost per kWh to UNSE that each system would produce.
12 UNSE has assumed that each renewable system will produce (annually) 1,385 kWh-AC for each
13 KW-DC nameplate rating for the PV panels. UNSE will contract for Renewable Energy Credits
14 through the end of 2020.

15 10. Based upon UNSE's assumptions, UNSE has calculated that the cost to UNSE for
16 RECs will be \$0.166 per kWh.

17 11. Staff has reviewed UNSE's calculations and has performed a similar calculation
18 using a different timeframe for energy production and REC purchase from the PV systems. Under
19 the proposed program, UNSE customers installing systems in 2007 would only provide UNSE
20 with RECs for 14 years of a likely 20-30 year system life.

21 12. In Staff's calculations of costs per REC to UNSE, Staff used all of UNSE's
22 assumptions except the timeframe for REC transfer to UNSE. Staff assumed that UNSE would
23 obtain RECs from the system for 20 years from the date of installation. Staff also assumed that the
24 customer would pay for any system equipment repair and replacement.

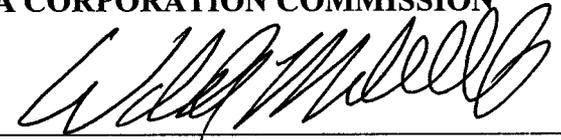
25 13. Based on Staff's new assumptions of years of REC transfer, Staff calculates that the
26 cost to UNSE for RECs, under a 20-year contract, would be \$0.108 per kWh. The dramatic
27 difference in the UNSE and Staff calculations is due directly to the number of RECs that UNSE
28 would accrue over the longer 20-year contract.

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

IT IS FURTHER ORDERED that the customer shall be required to sign an agreement assigning rights to the electrical output and all associated environmental credits to UNSE for a period of 20 years from the date of system installation.

IT IS FURTHER ORDERED that this Order shall become effective immediately.

BY THE ORDER OF THE ARIZONA CORPORATION COMMISSION

 CHAIRMAN	 COMMISSIONER
---	--

 COMMISSIONER	 COMMISSIONER
---	---

IN WITNESS WHEREOF, I BRIAN C. McNEIL, Executive Director of the Arizona Corporation Commission, have hereunto, set my hand and caused the official seal of this Commission to be affixed at the Capitol, in the City of Phoenix, this 21st day of December, 2006.


BRIAN C. McNEIL
Executive Director

DISSENT: _____

DISSENT: _____

EGJ:RTW:lhmvJMA

1 SERVICE LIST FOR: UNS Electric, Inc.
2 DOCKET NO. E-04204A-06-0621

3 Ms. Michelle Livengood
4 UNS Electric, Inc.
5 One South Church Street, Suite 200
6 Tucson, Arizona 85702

7 Mr. Ernest G. Johnson
8 Director, Utilities Division
9 Arizona Corporation Commission
10 1200 West Washington
11 Phoenix, Arizona 85007

12 Mr. Christopher C. Kempley
13 Chief Counsel
14 Arizona Corporation Commission
15 1200 West Washington
16 Phoenix, Arizona 85007

17

18

19

20

21

22

23

24

25

26

27

28