

ORIGINAL



0000074443

**UniSourceEnergy
SERVICES**

RECEIVED

47

David Couture
Director, Regulatory Services
One South Church Avenue
Mailstop UE201
PO Box 711, Tucson, Arizona 85702
(520) 884-3752 Office
(520) 884-3601 Fax
dcouture@tep.com

2007 JUL -3 A 11: 55

AZ CORP COMMISSION
DOCKET CONTROL

July 2, 2007

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

RE: Tucson Electric Power Company and UNS Electric's Comments
Smart Metering Workshop
Docket No. E-00000A-06-0038

Dear Madam or Sir:

Tucson Electric Power Company and UNS Electric Inc., is providing the attached comments in response for written comments from discussions at the June 7, 2007 Smart Metering Workshop. We look forward to working with Staff and other interested parties to address Time-Based Metering and Advanced Metering Infrastructure issues in the future.

Please feel free to contact me with any questions or comments you may have.

Sincerely,

David Couture

Attachment

Arizona Corporation Commission
DOCKETED

JUL -3 2007

DOCKETED BY *nl*

**Tucson Electric Power Company and UNS Electric's Responses to
Smart Metering Questions
Docket No. E-00000A-06-0038**

Question 1: Please identify the types of costs and amounts associated with time-based rates / AMI.

Response: The type of costs and amounts associated with time based rates differ depending on the type of rate being discussed based on the meter and meter reading system.

For a Time-of-Use ("TOU") rate at Tucson Electric Power Company ("TEP") we utilize four registers (On Peak, Off Peak, Shoulder and Total). These values are currently being read manually and hand key entered into a hand held collector. The aggregated meter read cost per read is \$0.56 for all meter reads within the TEP service territory. For a time of use meter with four (4) reads the cost to read the meter manually is \$2.24 and the meter costs \$80. Changes to the TOU rate require reprogramming the meter making a field visit to each affected meter necessary.

Question 2: How should the costs associated with time-based rates and AMI be recovered?

Response: The costs associated with time-based rates and AMI should be recovered through the affected utilities pricing plans and through base rates. The backbone infrastructure for the AMI should be rate based and recovered by all customers. This includes the Meter Data Management System, infrastructure for the communication backhaul, software required to send the meter data to the billing system, and all other associated costs.

Individual pricing plans for time based rates should recover any specific costs related to critical peak pricing, real time pricing, or TOU rates. This would include any in-home displays, special metering equipment, software systems and any other items that would be specific to a time based pricing plan.

Question 3: What customer segments should time-based rates and AMI be applicable to?

Response: Time-based rates and AMI could apply to all customer classes. For example TEP currently offers TOU rates for the residential, light commercial and industrial segments.

Question 4: Please identify any Time-of-Use Rates the Companies have in place currently.

Response: TEP currently provides TOU Rates through the following Pricing Plans: Residential Time-of-Use Rate 70, General Service Time-of-Use Rate 76, Large General service Time-of-Use Rate 85A, Large Light and Power Time-of-Use Rate 90A and Special Residential Rate 201 Option B and Option C. TEP will be addressing the expansion of TOU pricing plans in its upcoming rate case filing. UNS Electric Inc. recently filed a rate case and proposed expanding TOU pricing plans.

Question 5: Should the PURPA Standard regarding time-based rates and AMI be adopted by Arizona?

Response: TEP and UNS Electric support time-based rates and AMI and believe that combined with our current TOU pricing plans and upcoming proposed TOU pricing plan revisions that the Companies already comply with the EPACT standard being considered by the Commission. Therefore, TEP and UNS Electric do not believe it is necessary for the Commission to adopt PURPA's standard for time-based rates or AMI for Arizona at this time.

Question 6: If so when and who should it apply to?

Response: Not Applicable