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ARIZONA CORPORATION COMMISSION

ORIGINAL

February 8, 2008

Arizona Corporation Commission
DOCKETED

FEB - 8 2008

Mr. Marcus Jerden
Ms. Michelle Livengood
Tucson Electric Power Company
One South Church Avenue, Suite 200
Tucson, Arizona 85701

DOCKETED BY	<i>MM</i>
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RE: PUBLIC NOTICE OF THE APPLICATION OF TUCSON ELECTRIC POWER COMPANY FOR APPROVAL OF ITS RENEWABLE ENERGY STANDARD AND TARIFF IMPLEMENTATION PLAN AND RELATED TARIFFS (DOCKET NO. E-01933A-07-0594)

Dear Ms. Livengood and Mr. Jerden:

Tucson Electric Power Company ("TEP") is requested to provide substantial public notice of this application in the form and style shown in Attachment 1 with the heading in no less than 24 point bold type and the body in no less than 10 point regular type.

TEP should mail to each of its customers a copy of the notice shown in Attachment 1 either as a bill insert or by special mailing to arrive at each customer's premises no later than March 31, 2008. In addition, TEP should cause the notice (shown in Attachment 1) to be published at least twice in a newspaper of general circulation in all its service territories, with publication to be completed no later than March 31, 2008.

Please file certification of mailing/publication as soon as practicable after the mailing/publication has been completed. If you have any questions, please contact Jeff Pasquinelli at (602) 542-4382.

Sincerely,

Ernest G. Johnson
Director
Utilities Division

EGJ:JJP:tdp

Enclosure

cc: Docket Control Center

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AZ CORP COMMISSION
DOCKET CONTROL

PUBLIC NOTICE OF THE APPLICATION OF
TUCSON ELECTRIC POWER COMPANY
FOR APPROVAL OF ITS RENEWABLE ENERGY STANDARD AND
TARIFF IMPLEMENTATION PLAN AND RELATED TARIFFS
DOCKET NO. E-01933A-07-0594

On October 12, 2007, Tucson Electric Power Company ("TEP") filed its 2008 Renewable Energy Standard Implementation Plan ("The Plan"), its Renewable Energy Standard and Tariff ("REST") Tariff, its REST Adjustor Mechanism, its Uniform Credit Purchase Plan ("UCPP"), and its Customer Self-Directed tariff.

The Plan filed by TEP includes two options for Commission consideration. Option 1 is its "Full Compliance Opportunity Plan." This Option is what TEP believes the Commission should approve since it will provide sufficient funding for TEP to meet the 2008 REST target of 1.75% kWh sales from renewables. TEP will require \$22.7 million in additional annual revenue to implement Option 1. To collect this revenue, TEP proposes a surcharge of 0.4988 cents per kWh as included in the REST "Sample Tariff" but would increase the maximum caps beyond those specified in the Sample Tariff. TEP proposes maximums of \$5.20 per month for residential customers, \$39.00 per month for commercial customers, and increasing to \$1,500 per month for large commercial customers.

Option 2 is the "Sample Tariff Funding Plan" and would also be funded from the "Sample Tariff" surcharge of 0.4988 cents per kWh but with the Tariff-stated caps of \$1.05 per month for residential customers, \$39.00 for commercial, and \$117.00 per month for large commercial customers. TEP's Option 2 proposal would increase revenues by \$10.5 million. TEP's position is that it could not meet the 2008 goal of 1.75% kWh sales from renewables with Option 2.

Both Options represent a rate increase over the Environmental Portfolio Surcharge ("EPS") which is currently in place for TEP. The proposed REST Surcharge of 0.4988 cents per kWh is greater than the present EPS Surcharge which is 0.0875 cents per kWh. In addition, with either Option 1 or Option 2, the maximum monthly cost per customer increases from the current EPS monthly caps of \$0.35 for residential, \$13.00 commercial, and \$39.00 for large commercial customers.

With either Option, TEP is asking the Commission to approve a REST Adjustor Mechanism which would change the REST Tariff rate to reconcile any previous year's difference between REST Tariff revenue and REST program expenses.

For each Option, TEP presents a UCPP proposal for Commission consideration. For Option 1, TEP proposes to increase its residential renewable energy system incentives to \$4.50 per Watt. For Option 2, TEP proposes using the existing SunShare incentive rate for residential solar installations which is \$3.00 per Watt.

TEP's Customer Self-Directed Tariff applies to either Option and provides Eligible Customers with information needed to apply for and maximize the benefits of TEP REST Tariff funds.

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The application is available for public inspection during regular business hours at the Commission's offices at 1200 West Washington Street, Phoenix, Arizona 85007, and on the internet via the Commission website (www.azcc.gov) using the eDocket function.

You may have the right to intervene in the proceeding. Intervention shall be in accordance with A.A.C. R14-3-105. If you wish to intervene, you must file a timely written motion to intervene with the Commission and send a copy of the motion to the applicant or their counsel and to all parties of record. A motion to intervene shall be considered timely if it is filed within (1) 5 days of the last date of publication or (2) 5 days of the date of direct notice by mail. The motion shall, at the minimum, contain the following:

1. Your name, address, and telephone number and the name, address, and telephone number of any party upon whom service of documents is to be made, if different from the intervener.
2. A short statement of your interest in the proceeding (e.g. a customer or potential customer of the Applicant, a shareholder of the Applicant, etc.)
3. A statement certifying that you have mailed a copy of the motion to intervene to applicant or their counsel and to all parties of record in the case.

Failure to intervene will not preclude any interested person or entity from providing public comment on the application. The Commission anticipates considering this matter at a future Open Meeting. Public comment regarding the application will be taken at that time.