

OPEN MEETING AGENDA ITEM



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Arizona Corporation Commission

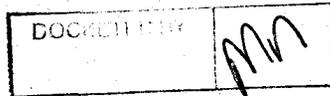
ARIZONA CORPORATION COMMISSION
DOCKET CONTROL

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C.H. HUCKELBERRY
County Administrator

OCT 10 2008

October 10, 2008



RE-00000A-07-0608

The Honorable Chairman Mike Gleason
Arizona Corporation Commission
Commissioners Wing
1200 West Washington - 2nd Floor
Phoenix, Arizona 85007

Re: Partial Requirement Service Charges Related to Solar Electricity

Dear Chairman Gleason:

I am writing to request your support of actions that will eliminate Partial Requirement Service charges related to customer generated solar electricity and to implement rules that require electric utilities to support aggregated net metering for agencies of the State of Arizona (counties, cities, districts) and federal military installations.

Pima County has been active in the development of a comprehensive Sustainability Resolution (Resolution No. 2007-84). Our Sustainable Action Plan for County operations is posted at our website, www.pima.gov, and includes the requirement to generate 15 percent of our energy requirements from renewable energy sources by 2025, which is similar to the Arizona Corporation Commission (ACC) REST program. For our region solar energy is an obvious choice for renewable energy.

The County's sustainability initiatives require that we optimize costs and benefits such as tax(rate)payer costs, job and economic development, improved air quality, and reduced pollution and greenhouse gases. Many of Pima County's residents are older, retired or with low or fixed incomes, and are very sensitive to air quality conditions and any rise in non-discretionary expenses such as power and water. As you are aware, coal mining and power generation utilize millions of gallons of precious water each day, and compete with and increase the cost of water to ratepayers.

Both of my requested actions will support the fundamental objectives of the ACC REST program and Arizona Constitution, optimizing benefits to ratepayers by increasing the financial feasibility of solar electric projects and the consequent market demand for solar components,

The Honorable Chairman Mike Gleason, Arizona Corporation Commission
Partial Requirement Service Charges Related to Solar Electricity
October 10, 2008
Page 2

which will provide motivation for private sector investment to develop and deploy higher output and lower cost solar components. These actions will also provide jobs that will stimulate the economy, improve air quality, and stabilize and reduce energy costs, ratepayer taxes and greenhouse gases.

The Arizona Constitution stipulates that utility rates shall be cost based; there is no demonstrated utility cost that can be directly associated with the supply of standby power for solar electric installations; the capacity is already established, and the amount of power relative to the grid total is so minimal that it is essentially not monitored or detectable by utilities. Solar power is also reliable, readily predictable and reduces the costs to utilities and ratepayers by providing customer generated power during most of the peak demand periods, thereby reducing the need for utilities to generate power using expensive auxiliary "peaker" systems.

Following is information clarifying the intent of my request that you enable the use of aggregated metering. Pima County has hundreds of meters, with much of our load associated with office buildings for which adjacent property or sufficient rooftop area is unavailable to support solar arrays. Rooftop solar electric installations on existing buildings are significantly more expensive than ground mount technology as they involve expensive structural and shading design reviews, existing equipment relocations and construction upgrades. However, many agencies have access to land remote from their load centers that would provide much better and lower cost sites for solar power. Without some version of net metering, the price provided by the utility for customer generated power is significantly less than the cost for the customer to generate it and would not be an allowable or prudent use of public (ratepayer) funds, essentially a disincentive to support the objectives of the ACC REST program.

I am requesting that you act as necessary to approve and encourage utilities to support the development of customer operated commercial scale solar electric arrays, where there is sufficient existing transmission capacity, that may be remote from the customer loads, and to credit the quantity of power generated to the quantity used by the aggregated metered loads of the customer. The sequence in which the credits are applied to each meter would be determined by the cost of power charged at each meter, from highest to lowest.

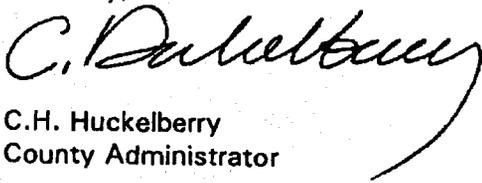
If deemed appropriate, and to expedite implementation, Pima County would welcome the opportunity to develop a pilot project with Tucson Electric Power as approved by the ACC that could be subsequently assessed and used as a model for the suggested aggregated metering program.

I also believe these actions would enable and promote the electric utilities' transition from the use of fossil fuels to generate power to the development and deployment of methods that have less total costs, such as solar electric, as new power generation capacity is required or existing plants are depreciated, which would stabilize and reduce all ratepayer costs.

The Honorable Chairman Mike Gleason, Arizona Corporation Commission
Partial Requirement Service Charges Related to Solar Electricity
October 10, 2008
Page 3

Pima County has established Photovoltaic Electric Power Purchase Agreement Blanket contracts with multiple contractors to provide a minimum of 2 MWs of solar electric power to Pima County each year for the next three years. We are aggressively pursuing the implementation of actions that support the ACC REST program and Pima County Resolution No. 2007-84. We would appreciate your prompt actions to facilitate the actions requested and described above. We have already submitted these requests to the Tucson Electric Power Company.

Sincerely,



C.H. Huckelberry
County Administrator

CHH/jj

- c: The Honorable Kristin Mayes, Arizona Corporation Commission
The Honorable William Mundell, Arizona Corporation Commission
The Honorable Jeff Hatch-Miller, Arizona Corporation Commission
The Honorable Gary Pierce, Arizona Corporation Commission
John Bernal, Deputy County Administrator - Public Works
Reid Spaulding, Facilities Management Director
George Widugiris, Procurement Director
Terry Finefrock, Chief Contracts and Procurement Manager, Procurement Department
Nicole Fyffe, Executive Assistant to the County Administrator
Tedra Fox, Sustainability Manager, County Administrator's Office