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ORIGINAL AZ CORP COMMISSION  
DOCKET CONTROL

November 14, 2008

Re: Renewable Energy Implementation Costs

Arizona Corporation Commission

Morenci Docket # E-01049A-08-0507

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Dear Parties to the Docket:

Last year I reluctantly dissented from the Commission-approved renewable energy implementation plans for Arizona Public Service,<sup>1</sup> Tucson Electric Power,<sup>2</sup> and Unisource Electric.<sup>3</sup> I did so not because I oppose renewable energy or the renewable energy standard and tariff rules, but because the Commission's refusal to relax the requirement in A.A.C. R14-2-1805(D) unjustifiably drove up the costs of renewable energy.

As the Commission prepares to consider renewable energy implementation plans for 2009, I would like all parties in this docket to be prepared to identify the portion of the total cost of the implementation plan that is attributable to: (1) the company's requirement to acquire renewable energy pursuant to A.A.C. R14-2-1804, (2) the company's requirement to obtain distributed energy pursuant to A.A.C. R14-2-1805(A) & (B) and (3) the company's requirement to ensure that 50% of its distributed energy come from residential applications and 50% come from non-residential applications pursuant to A.A.C. R14-2-1805(D).

In addition, I note that UNS Electric Company has indicated that its costs to satisfy its renewable energy requirements under A.A.C. R14-2-1804 will be approximately \$500,000 per year, whereas Morenci Water & Electric Company has indicated that its costs will be approximately \$1.3 million. UNS Electric and Morenci Water and Electric have similar annual kWhs. I am curious about what is causing this anomaly, and in order to identify any additional anomalies, I

<sup>1</sup> ACC Decision No. 70313, available at <http://images.edocket.azcc.gov/docketpdf/0000084405.pdf>.

<sup>2</sup> ACC Decision No. 70314, available at <http://images.edocket.azcc.gov/docketpdf/0000084406.pdf>.

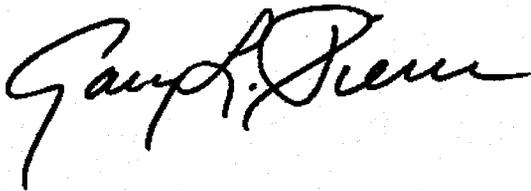
<sup>3</sup> ACC Decision No. 70315, available at <http://images.edocket.azcc.gov/docketpdf/0000084407.pdf>.

August 14, 2008

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would like Commission staff to file in each docket a table listing all of Arizona utilities' (1) yearly kWhs, (2) projected renewable energy costs and (3) projected renewable energy costs per kWh.

Sincerely,

A handwritten signature in black ink, appearing to read "Gary A. Pierce". The signature is fluid and cursive, with the first name "Gary" being the most prominent.

Commissioner Gary Pierce

cc: Chairman Mike Gleason  
Commissioner William Mundell  
Commissioner Jeff Hatch-Miller  
Commissioner Kris Mayes  
Brian McNeil, Executive Director  
Ernest Johnson, Utilities Division  
Janice Alward, Chief Counsel