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<b>THIS AMENDMENT:</b>			
<input type="checkbox"/> Passed	<input type="checkbox"/> Passed as amended by		
<input type="checkbox"/> Failed	<input type="checkbox"/> Not Offered	<input type="checkbox"/> Withdrawn	

**ORIGINAL**

**PIERCE PROPOSED AMENDMENT # 1**

DATE PREPARED: December 15, 2008

COMPANY: Tucson Electric Power Company

DOCKET NOs: E-01933A-07-0594

OPEN MEETING DATES: December 16, 17, 18 and 19, 2008 AGENDA ITEM: U-16

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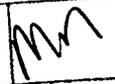
Arizona Corporation Commission

**DOCKETED**

DEC 15 2008

**Page 11, Line 23**

INSERT the following:

DOCKETED BY 

**“Waiver of A.A.C. R14-2-1805(D)”**

The Commission agrees with the Solar Alliance<sup>1</sup> that there should be no hard 50/50-split between residential and non-residential DE facilities. We will therefore waive A.A.C. R14-2-1805(D) for TEP’s 2009 REST Plan pursuant to A.A.C. R14-2-1816(A) and instead require that a minimum of at least thirty percent of TEP’s DE requirement be met through residential facilities and a minimum of thirty percent be met through non-residential facilities. This waiver will not reduce the total amount of DE that TEP will be required to obtain during 2009, but it will greatly increase TEP’s flexibility to satisfy those requirements.

We note that a thirty percent floor for residential and non-residential DE facilities is very similar to TEP’s Best Value plan, which established a twenty-five percent floor for residential and non-residential DE facilities. We, therefore, expect that reduction of the hard 50/50-split to a thirty percent floor will reduce TEP’s costs in complying with our REST Rules by nearly \$10 million, which will help place this Commission in a position to acquire more renewable energy in future years than is presently contemplated under our REST Rules.”

<sup>1</sup> In its December 11, 2008 comments to APS’s 2009 REST Implementation plan, the Solar Alliance points out that “it is easy to imagine a situation where in one year 70% of the total [DE] requirement is met by non-residential installations on a big-box store chain and in a subsequent year the easiest way to meet the [DE] carve out is to do hundreds of homes in a new housing development.” Because of this natural fluctuation in the industry, the Solar Alliance argues that Commission should allow non-residential and residential systems to meet as much as 70% of the DE requirement in any one year.

**Page 12, Line 6.5**

INSERT the following:

“IT IS FURTHER ORDERED that A.A.C. R14-2-1805(D) is waived for TEP’s 2009 REST Plan and replaced with a requirement that at least thirty percent of TEP’s annual DE requirement must be met through residential facilities and a minimum of thirty percent of TEP’s annual DE requirement must be met through non-residential facilities. This waiver will not reduce the total amount of the DE requirement that TEP must obtain during 2009.”

Conforming changes.