



0000095750

ORIGINAL

RECEIVED

Arizona Corporation Commission  
BEFORE THE ARIZONA CORPORATION COMMISSION

DOCKETED

2000 OCT 25 P 2:46

OCT 25 2000

DOCKETED BY [Signature]

AZ CORP COMMISSION  
DOCUMENT CONTROL

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24

**CARL J. KUNASEK**  
Chairman  
**JIM IRVIN**  
Commissioner  
**WILLIAM A. MUNDELL**  
Commissioner

IN THE MATTER OF THE NOTICE OF ) DOCKET NO. RE-00000C-00-0377  
PROPOSED RULEMAKING FOR THE )  
ENVIRONMENTAL PORTFOLIO STANDARD. ) **TUCSON ELECTRIC POWER**  
 ) **COMPANY'S REBUTTAL**  
 ) **COMMENTS**

Tucson Electric Power Company ("TEP") is committed to supporting the long term, cost-effective development of renewable resources and the growth of Arizona's renewable industries.

TEP would like to take this opportunity to respond to some of the comments of other parties regarding the Arizona Corporation Commission's Proposed Environmental Portfolio Standard ("Portfolio Standard").

TEP supports Commission Staff's proposed changes in the wording of Attachment B regarding the term "Electric Service Provider" or "ESP." In addition, while TEP is not in favor imposing penalties or deficiency payments for non-compliance as referenced in A.A.C. R14-2-1618.F, TEP does support Staff's recommendation to change the terminology from "penalty" to "deficiency payment." Because the imposition of deficiency payments is contingent on subsequent Commission action on the Environmental Portfolio Cost Evaluation Working Group's recommendations, TEP will reserve further comment on deficiency payments until that time, if necessary.

TEP supports the City of Tucson's recommendation that the Portfolio Standard be adopted as presently proposed. The City of Tucson has provided long-term support for the development of

1 renewable resources and recognizes the value to the residents of Tucson of their full participation  
2 in the Portfolio Standard.

3 TEP does take exception to some recommendations of the City of Scottsdale.  
4 Specifically, we recommend the Commission reject Scottsdale's recommendation that  
5 municipalities and citizens who install solar electric systems be exempt from paying the Portfolio  
6 Standard surcharge, and that "green power" programs be abolished. Municipalities should not be  
7 exempted from surcharge payments. Because all Arizona residents will benefit from developing  
8 renewable resources, all should contribute to funding the development of renewable resources.  
9 Citizens who install solar electric systems stand to gain financially from the sale of renewable  
10 credits to electric service providers, and therefore also should not be exempted from the surcharge.  
11 All "green power" programs in Arizona, like TEP's GreenWatts™ program, are voluntary. They  
12 allow the customer to decide if they want to contribute a premium for development of renewable  
13 energy resources. If a customer no longer wants to participate after the Portfolio Standard  
14 surcharge is in effect, they are free to exit the green power program. The voluntary "green power"  
15 program offerings should continue.

16 TEP recommends that the Commission reject AEPCO's position that certain utilities be  
17 exempt from the Portfolio Standard requirements. All Arizona residents will benefit from the  
18 development of renewable resources; thus, all should contribute to funding the development of  
19 renewable resources.

20 TEP responds to the four comments of Citizens Communications Company as follows.  
21 Regarding generating ESPs, the proposed Portfolio Standard addresses the responsibilities of ESPs  
22 adequately. No changes are needed. Regarding collection of the surcharge, the clarifications  
23 recommended by Staff should be sufficient to address this concern. Regarding participation by  
24

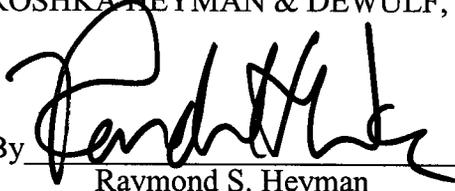
**ROSHKA HEYMAN & DEWULF, PLC**  
TWO ARIZONA CENTER  
400 NORTH 5TH STREET - SUITE 1000  
PHOENIX, ARIZONA 85004  
TELEPHONE NO 602-256-6100  
FACSIMILE 602-256-6800

1 ESPs, the proposed Portfolio Standard adequately addresses the responsibilities of ESPs, so no  
2 changes are needed. Finally, regarding an exemption from the surcharge for Dusk-to-Dawn  
3 lighting, TEP does not favor such an exemption. If a municipal customer cannot afford the \$13 per  
4 meter charge, that is a matter that can adequately be addressed with the ESP.

5 The proposed Portfolio Standard in its present form provides flexibility in choice of  
6 renewable resources, which is an important element in the development of cost-effective solutions.  
7 While TEP believes solar power has strong potential for development in Arizona, the Portfolio  
8 Standard properly includes other renewable resources with potential for development in Arizona  
9 including wind, landfill gas and biomass. TEP recommends the Commission adopt the proposed  
10 Portfolio Standard substantially in its present form with the addition of the minor changes  
11 recommended by Staff.

12 RESPECTFULLY SUBMITTED this 25<sup>th</sup> day of October, 2000.

13 ROSHKA HEYMAN & DEWULF, PLC

14  
15 By 

16 Raymond S. Heyman  
17 Randall H. Warner  
18 Two Arizona Center  
19 400 North 5th Street, Suite 1000  
20 Phoenix, Arizona 85004

21  
22  
23  
24 Attorneys for Tucson Electric Power Company

**ROSHKA HEYMAN & DEWULF, PLC**  
TWO ARIZONA CENTER  
400 NORTH 5TH STREET - SUITE 1000  
PHOENIX, ARIZONA 85004  
TELEPHONE NO 602-256-6100  
FACSIMILE 602-256-6800

1 **Original and ten copies of the foregoing**  
2 **filed this 5<sup>th</sup> day of October, 2000, with:**

3 Docket Control  
4 Arizona Corporation Commission  
5 1200 West Washington Street  
6 Phoenix, Arizona 85007-2996

7 **Copy of the foregoing hand-delivered**  
8 **this 5<sup>th</sup> day of October, 2000, to:**

9 Jerry L. Rudibaugh, Chief Hearing Officer  
10 Hearing Division  
11 Arizona Corporation Commission  
12 1200 West Washington Street  
13 Phoenix, Arizona 85007-2996

14 Lyn Farmer  
15 Legal Division  
16 Arizona Corporation Commission  
17 1200 West Washington Street  
18 Phoenix, Arizona 85007-2996

19 Deborah R. Scott, Director  
20 Utilities Division  
21 Arizona Corporation Commission  
22 1200 West Washington Street  
23 Phoenix, Arizona 85007-2996

24 **Copy of the foregoing mailed**  
25 **this 20<sup>th</sup> day of October, 2000, to:**

26 Barry M. Goldwater, Jr.  
27 3104 E. Camelback Road  
28 Suite 274  
29 Phoenix, AZ 85016

30 Betty Fruit  
31 ADOC-EO  
32 3800 N. Central Avenue  
33 Suite 1200  
34 Phoenix, AZ 85012

35 Arturo Rivera  
36 Renewable Technology Co.  
37 1242 E. Washington Street  
38 Suite 200  
39 Phoenix, AZ 85034

40 Robert S. Lynch  
41 Arizona Transmission Dependent Utility Group  
42 340 E. Palm Lane  
43 Suite 140  
44 Phoenix, AZ 85004-4529

45 Lee Tanner  
46 Electrisol, Ltd.  
47 1215 E. Harmont Drive  
48 Phoenix, AZ 85020

49 Dale Rogers  
50 Rocketdyne Division  
51 Boeing North America  
52 P.O. Box 7922-MS FA-66  
53 Canoga Park, CA 91309-7922

**ROSHKA HEYMAN & DEWULF, PLC**

TWO ARIZONA CENTER  
400 NORTH 5TH STREET - SUITE 1000  
PHOENIX, ARIZONA 85004  
TELEPHONE NO 602-256-6100  
FACSIMILE 602-256-6800

- |    |   |   |
|----|---|---|
| 1  | Steve Chalmers<br>Powermark Corporation<br>4044 E. Whitton<br>Phoenix, AZ 85018   | Robert H. Annan<br>6605 E. Evening Glow Drive<br>Scottsdale, AZ 85262   |
| 2  |   |   |
| 3  | Michael Neary<br>Ariseia<br>2034 North 13 <sup>th</sup> Street<br>Phoenix, AZ 85001   | Rick Gilliam<br>Land and Water Fund<br>2260 Baseline Road<br>Suite 200<br>Boulder, CO 80302                     |
| 4  |   |   |
| 5  | Jan Miller<br>SRP<br>1600 North Priest Drive<br>Tempe, AZ 85281   | Vahan Garboushian<br>Amonix, Inc.<br>3425 Fujita Street<br>Torrance, CA 90505                                   |
| 6  |   |   |
| 7  | Vincent Hunt<br>City of Tucson<br>4004 South Park Avenue<br>Building 2<br>Tucson, AZ 85714                                  | Jeffrey R. Golden<br>Amoco/Enron Solar Power<br>P.O. Box 1188<br>Houston, TX 75221-1188                         |
| 8  |   |   |
| 9  |   |   |
| 10 | Michelle L. Hart<br>Photocomm, Inc.<br>7681 E. Gray Road<br>Scottsdale, AZ 85260  | Dan Greenberg<br>Ascension Technology<br>235 Bear Hill Road<br>Waltham, ME 02154                                |
| 11 |   |   |
| 12 | Harry Braun III<br>Stirling Energy Systems<br>6245 North 24 <sup>th</sup> Parkway<br>Suite 209<br>Phoenix, AZ 85016         | Kathy Kelly<br>Corporation for Solar<br>Technology & Renewable<br>6863 W. Charleston<br>Las Vegas, NV 89117     |
| 13 |   |   |
| 14 | Robert Walker<br>Entech, Inc.<br>1077 Chisolm Trail<br>Keller, TX 76248   | Rick Mack<br>Tucson Electric Power Company<br>220 W. Sixth Street<br>P.O. Box 711<br>Tucson, AZ 85702-0711      |
| 15 |   |   |
| 16 | Moneer H. Azzam<br>ASE Americas<br>4 Suburban Park Drive<br>Billerica, ME 01821   | Solar Energy Industries Association<br>122 C street, N.W., 4 <sup>th</sup> Floor<br>Washington, D.C. 20001-2109 |
| 17 |   |   |
| 18 | Ray Dracker<br>Bechtel Corporation<br>P.O. Box 193965<br>San Francisco, CA 94119  | Howard Wenger<br>Pacific Energy Group<br>32 Valla Court<br>Walnut Creek, CA 94596                               |
| 19 |   |   |
| 20 |   |   |
| 21 | Barry L. Butler, Ph.D.<br>Science Applications International Corp.<br>10260 Campus Point Drive MS-C2<br>San Diego, CA 92121 | Jim B. Combs<br>Conservative Energy Systems<br>40 W. Baseline Road, Suite 112<br>Mesa, AZ 85210                 |
| 22 |   |   |
| 23 |   |   |
| 24 |   |   |

**ROSHKA HEYMAN & DEWULF, PLC**

TWO ARIZONA CENTER  
400 NORTH 5TH STREET - SUITE 1000  
PHOENIX, ARIZONA 85004  
TELEPHONE NO 602-256-6100  
FACSIMILE 602-256-6800

- 1
- 2
- 3
- 4
- 5
- 6
- 7
- 8
- 9
- 10
- 11
- 12
- 13
- 14
- 15
- 16
- 17
- 18
- 19
- 20
- 21
- 22
- 23
- 24

James H. Caldwell, Jr.  
CEERT  
P.O. Box 26  
Tracy's Landing, MD 20779

Herb Hayden  
APS  
P.O. Box 53999  
Mail Station 9110  
Phoenix, AZ 85072-3999

  
solar portfolio/teprebuttalcomments