

ORIGINAL

OPEN MEETING



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MEMORANDUM

2009 NOV -4 P 1:56

AZ CORP COMMISSION  
DOCKET CONTROL

TO: THE COMMISSION

FROM: Utilities Division

DATE: November 4, 2009

RE: UNS ELECTRIC, INC. - APPLICATION FOR APPROVAL OF PRICING PLAN RIDER-4, NET METERING FOR CERTAIN PARTIAL REQUIREMENTS SERVICE (NM-PRS) TARIFF, AND PRICING PLAN RIDER-3 MARKET COST OF COMPARABLE CONVENTIONAL GENERATION ("MCCCG") (DOCKET NO. RE-00000A 07-0608)

Background

On September 21, 2009, UNS Electric, Inc. ("UNS" or "Company") filed an application for approval of its Net Metering for Certain Partial Requirements Service ("NM-PRS") tariff, and its proposed pricing plan Rider-3 Market Cost of Comparable Conventional Generation ("Rider-3"). The Commission's Net Metering Rules became effective on May 23, 2009 and require each Electric Utility to file, for approval by the Commission, a Net Metering tariff within 120 days from the effective date of the Rules.

Net Metering allows electric utility consumers to be compensated for generating their own energy from renewable resources, fuel cells, or Combined Heat and Power (i.e., co-generation).

Partial requirements service is necessary for customers such as Net Metering customers who provide either all or a portion of their own generation. If the self-generation supplies less than 100 percent of the customer's load, utility generation must be purchased for the remainder. Even if the customer's generation is sufficient to serve the full load, utility service is needed as back-up during maintenance or other outage circumstances of the customer's generation.

Proposed Tariff

UNS' proposed NM-PRS tariff would apply to customers with any type of on-site generation using resources allowed by the Net Metering Rules, and would work in conjunction with the rate schedule from which the customer currently takes service. The proposed NM-PRS tariff follows the Net Metering Rules with respect to eligibility, metering, billing, and disposition of excess customer generation.

Arizona Corporation Commission  
**DOCKETED**

NOV - 4 2009

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NM-PRS would provide for power sales beyond what the customer's on-site facilities supply, as well as replacement power if the on-site generation is out of service for maintenance or due to a forced outage. Charges under the NM-PRS tariff would be priced pursuant to the Customer's standard offer Pricing Plan otherwise applicable under full requirements service. This would avoid additional charges such as standby or back-up charges.

In addition, as the Net Metering Rules require, if the Customer's generation facility's energy production exceeds the energy supplied by the Company during a billing period, the Customer's bill for the following billing period would be credited for the excess generation. That is, the excess kWh during the billing period would be used to reduce the kWhs (not kW or kVA demand, nor customer/facilities charges) billed by the Company during the following billing period. Customers taking service under a time-of-use rate would receive such credit in the next billing period for the on-peak, shoulder, or off-peak periods in which the kWhs were generated by the Customer.

Each calendar year, for the customer bills produced in October (September usage) or a customer's "Final" bill, the Company would credit the Customer for the balance of excess kWhs remaining. The payment for the purchase of these excess kWhs would be at the Company's applicable avoided cost. UNS has defined its avoided cost as the average hourly market cost of comparable conventional generation as specified on its proposed Pricing Plan Rider-3 applicable to the NM-PRS. Proposed Rider-3 shows the credit for excess generation as of June 1, 2009, to be 3.109¢ per kWh. The proposed Rider-3 indicates that the Market Cost of Comparable Conventional Generation ("MCCCG") will be filed annually (by April 1) by UNS for approval by the Commission.

The Company would install a bi-directional meter at the point of delivery to the customer and would meter the points of output of each of the Customer's generators. At the Company's request, a dedicated phone line would be provided by the customer to allow remote interrogation of the meters. If, by agreement between Company and Customer, a phone line is impractical or cannot be provided, the Customer and UNS would work together to allow remote access to each meter. Any additional cost of communication would be the responsibility of the customer.

### **Staff Recommendations**

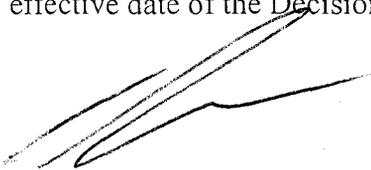
Staff recommends that UNS' proposed Pricing Plan Rider-3 (MCCCG) as Applicable to Pricing Plan Rider-4 NM-PRS, and its proposed Pricing Plan Rider-4, Net Metering for Certain Partial Requirements Service (NM-PRS) Tariff be approved.

THE COMMISSION

November 4, 2009

Page 3

Staff also recommends that UNS be ordered to file a revised NM-PRS tariff and a revised Pricing Plan Rider-3 in compliance with the decision in this matter within 15 days of the effective date of the Decision.



Steven M. Olea  
Director  
Utilities Division

SMO:JJP:lhmkOT

ORIGINATOR: Jeffrey Pasquinelli

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**BEFORE THE ARIZONA CORPORATION COMMISSION**

KRISTIN K. MAYES  
Chairman

GARY PIERCE  
Commissioner

PAUL NEWMAN  
Commissioner

SANDRA D. KENNEDY  
Commissioner

BOB STUMP  
Commissioner

IN THE MATTER OF THE APPLICATION )  
OF UNS ELECTRIC, INC. FOR APPROVAL )  
OF ITS PRICING PLAN RIDER-4, NET )  
METERING FOR CERTAIN PARTIAL )  
REQUIREMENTS SERVICE TARIFF, AND )  
PRICING PLAN RIDER-3 MARKET COST )  
OF COMPARABLE CONVENTIONAL )  
GENERATION )

DOCKET NO. RE-00000A 07-0608

DECISION NO. \_\_\_\_\_

ORDER

Open Meeting  
November 19 and 20, 2009  
Phoenix, Arizona

BY THE COMMISSION:

FINDINGS OF FACT

1. UNS Electric, Inc. ("UNSE" or "Company") is certificated to provide electric service as a public service corporation in the State of Arizona.

2. On September 21, 2009, UNSE filed an application for approval of its Net Metering for Certain Partial Requirements Service ("NM-PRS") tariff, and its proposed pricing plan Rider-3 Market Cost of Comparable Conventional Generation ("Rider-3"). The Commission's Net Metering Rules became effective on May 23, 2009 and require each Electric Utility to file, for approval by the Commission, a Net Metering tariff within 120 days from the effective date of the Rules.

3. Net Metering allows electric utility consumers to be compensated for generating their own energy using renewable resources, fuel cells, or Combined Heat and Power (i.e., co-

1 generation).

2 4. Partial requirements service is necessary for customers such as Net Metering  
3 customers who provide either all or a portion of their own generation. If the self-generation  
4 supplies less than 100 percent of the customer's load, utility generation must be purchased for the  
5 remainder. Even if the customer's generation is sufficient to serve the full load, utility service is  
6 needed as back-up during maintenance or other outage circumstances of the customer's generation.

7 **The Proposed Tariff**

8 5. UNSE's proposed NM-PRS tariff would apply to customers with any type of on-  
9 site generation using resources allowed by the Net Metering Rules, and would work in conjunction  
10 with the rate schedule from which the customer currently takes service. The proposed NM-PRS  
11 tariff follows the Net Metering Rules with respect to eligibility, metering, billing, and disposition  
12 of excess customer generation.

13 6. NM-PRS would provide for power sales beyond what the customer's on-site  
14 facilities supply, as well as replacement power if the on-site generation is out of service for  
15 maintenance or due to a forced outage. Charges under the NM-PRS tariff would be priced  
16 pursuant to the Customer's standard offer Pricing Plan otherwise applicable under full  
17 requirements service. This would avoid additional charges such as standby or back-up charges.

18 7. In addition, as the Net Metering Rules require, if the Customer's generation  
19 facility's energy production exceeds the energy supplied by the Company during a billing period,  
20 the Customer's bill for the following billing period would be credited for the excess generation.  
21 That is, the excess kWh during the billing period would be used to reduce the kWhs (not kW or  
22 kVA demand, nor customer/facilities charges) billed by the Company during the following billing  
23 period. Customers taking service under a time-of-use rate would receive such credit in the next  
24 billing period for the on-peak, shoulder, or off-peak periods in which the kWhs were generated by  
25 the Customer.

26 8. Each calendar year, for the customer bills produced in October (September usage)  
27 or a customer's "Final" bill, the Company would credit the Customer for the balance of excess  
28 kWhs remaining. The payment for the purchase of these excess kWhs would be at the Company's

1 applicable avoided cost. UNSE has defined its avoided cost as the average hourly market cost of  
2 comparable conventional generation as specified on its proposed Pricing Plan Rider-3 applicable to  
3 the NM-PRS. Proposed Rider-3 shows the credit for excess generation to be 3.109 ¢ per kWh as  
4 of June 1, 2009. The proposed Rider-3 indicates that the MCCCCG will be filed annually (by April  
5 1) by UNSE for approval by the Commission.

6 9. The Company would install a bi-directional meter at the point of delivery to the  
7 customer and would meter the points of output of each of the Customer's generators. At the  
8 Company's request, a dedicated phone line would be provided by the customer to allow remote  
9 interrogation of the meters. If, by agreement between Company and Customer, a phone line is  
10 impractical or cannot be provided, the Customer and UNSE would work together to allow remote  
11 access to each meter. Any additional cost of communication would be the responsibility of the  
12 customer.

### 13 Staff Recommendations

14 10. Staff has recommended that UNSE's proposed Pricing Plan Rider-3 (MCCCCG) as  
15 Applicable to Pricing Plan Rider-4 NM-PRS, and its proposed Pricing Plan Rider-4, Net Metering  
16 for Certain Partial Requirements Service (NM-PRS) Tariff be approved.

17 11. Staff also has recommended that UNSE be ordered to file a revised NM-PRS tariff  
18 and a revised Pricing Plan Rider-3 in compliance with the decision in this matter within 15 days of  
19 the effective date of the Decision.

### 20 CONCLUSIONS OF LAW

21 1. UNS Electric, Inc. is a public service corporation within the meaning of Article XV,  
22 Section 2 of the Arizona Constitution.

23 2. The Commission has jurisdiction over UNS Electric, Inc. and the subject matter of  
24 the application.

25 3. The Commission, having reviewed the application and Staff's Memorandum, dated  
26 November 4, 2009, concludes that it is in the public interest to approve the proposed Net Metering  
27 for Certain Partial Requirements Service tariff with the modifications described herein.

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ORDER

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IT IS THEREFORE ORDERED that UNS Electric, Inc.'s Pricing Plan Rider-3 (MCCCG) as Applicable to Pricing Plan Rider-4 NM-PRS, and its Pricing Plan Rider-4, Net Metering for Certain Partial Requirements Service (NM-PRS) be and hereby are approved as discussed herein.

IT IS FURTHER ORDERED that UNS Electric, Inc. shall file a revised NM-PRS tariff and a revised Pricing Plan Rider-3 consistent with this Decision within 15 days of the effective date of this Decision.

IT IS FURTHER ORDERED that this Decision shall become effective immediately.

**BY THE ORDER OF THE ARIZONA CORPORATION COMMISSION**

CHAIRMAN

COMMISSIONER

COMMISSIONER

COMMISSIONER

COMMISSIONER

IN WITNESS WHEREOF, I, ERNEST G. JOHNSON, Executive Director of the Arizona Corporation Commission, have hereunto, set my hand and caused the official seal of this Commission to be affixed at the Capitol, in the City of Phoenix, this \_\_\_\_\_ day of \_\_\_\_\_, 2009.

\_\_\_\_\_  
ERNEST G. JOHNSON  
EXECUTIVE DIRECTOR

DISSENT: \_\_\_\_\_

DISSENT: \_\_\_\_\_

SMO:JJP:lhmkOT

## 1 SERVICE LIST FOR DOCKET NO. RE-00000A-07-0608

2	Ms. Jessica Bryne	Mr. Dan Pozefsky
3	Regulatory Services	Residential Utility Consumer Office
4	Tucson Electric Power Co.	1110 West Washington Street, Suite 100
5	Post Office Box 711	Phoenix, Arizona 85007
	Tucson, Arizona 85702	
6	Mr. Jeff Schlegel	Mr. Eric C. Guidry
	SWEEP	Western Resource Advocates
7	1167 West Samalayuca Drive	2260 Baseline Road, Suite 200
8	Tucson, Arizona 85704	Boulder Colorado 80302-7740
		Mr. John Wallace
9	Mr. Dave Couture	GCSECA, Inc.
	Tucson Electric Power Company	120 North 44 <sup>th</sup> Street, Suite 100
10	Post Office Box 711	Phoenix, Arizona 85034
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12	Mr. Robert Annan	Mr. Patrick J. Black
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16	333 Broadway, S.E.	Salt River Project
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18	Snell & Wilmer	Mr. Andrew Bettwy
	One Arizona Center	Southwest Gas Corporation
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20	Phoenix, Arizona 85004	Las Vegas, Nevada 89102
21	Mr. Brian Hageman	Mr. Gary Mirich
	Ms. Caren Peckerman	ENERGY STRATEGIES
22	Mr. Richard Briul	3033 North Central Avenue, No. 900
	Deluge, Inc.	Phoenix, Arizona 85004
23	8765 East Bell Road, Suite 210	
24	Scottsdale, Arizona 85260-1321	
		Mr. Michael Patten
25	Mr. David Berry	Ms. Laura Sixkiller
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27		Phoenix, Arizona 85004
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3	Mr. Cohn Murchie Solar Energy Industries Association 805 15 <sup>th</sup> N.W., #510 Washington, DC 20005	E-02044A Dixie Escalante Rural Electric Assoc., Inc. 71 East Highway 56 Beryl, Utah 84714-5197
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6	E-03660A KWH Metering, LLC 7409 Country Club Drive Pinetop, Arizona 85935	E-01773A Arizona Electric Power Cooperative, Inc. P.O. Box 670 Benson, Arizona 85602
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9	Mr. Adam Browning The Vote Solar Initiative 182-2 Street, Suite 400 San Francisco, California 94105	E-03614A Eastern Competitive Solutions, Inc. 2712 North 7 <sup>th</sup> Street Phoenix, Arizona 85006
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12	E-01049A Morenci Water & Electric Co. P.O. Box 68 Morenci, Arizona 85540	E-01851A Columbus Electric Cooperative, Inc. P.O. Box 631 Deming, New Mexico 88031
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15	E-01750A Mr. Aaron Stallings Mohave Electric Cooperative P.O. Box 1045 Bullhead City, Arizona 86430	E-01749A Graham County Electric Cooperative, Inc. P.O. Drawer B Pima, Arizona 85543
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18	E-03661A APS Energy Services Company, Inc. 400 East Van Buren Street, Suite 750 Phoenix, Arizona 85004	E-01703A Duncan Valley Electric Cooperative, Inc. P.O. Box 440 Duncan, Arizona 85534
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21	Ms. Valerie Rualuk Greater Tucson Coalition for Solar Energy P.O. Box 42708 Tucson, Arizona 85733	E-01891A Garkane Energy Cooperative, Inc. P.O. Box 465 Loa, Utah 84747
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24	E-01345A Arizona Public Service Cinoany P.O. Box 53999, Station 9905 Phoenix, Arizona 85072	E-03869A PDM Energy, L.L.C. One North Central Avenue Phoenix, Arizona 85004
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1 E-01787A  
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2 1878 West White Mountain Blvd.  
3 Lakeside, Arizona 85929

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6 Willcox, Arizona 85644

7 E-01933A  
Ms. Karen Kissinger  
8 Tucson Electric Power Company  
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9 Tucson, Arizona 85702

10 E-03964A  
Sempra Energy Solutions  
11 101 Ash Street  
12 San Diego, CA 92101

13 E-01461A  
Trico Electric Cooperative, Inc.  
14 P.O. Box 930  
15 Marana, Arizona 85653

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