

ORIGINAL

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BEFORE THE ARIZONA CORPORATION COMMISSION

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Arizona Corporation Commission

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**COMMISSIONERS**

KRISTIN K. MAYES – Chairman 2009 NOV 16 P 3:45  
GARY PIERCE  
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AZ CORP COMMISSION  
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IN THE MATTER OF THE NOTICE OF )  
PROPOSED RULEMAKING REGARDING )  
RESOURCE PLANNING. )

DOCKET NO. RE-00000A-09-0249

**TUCSON ELECTRIC POWER  
COMPANY'S AND UNS  
ELECTRIC, INC.'S JOINT  
COMMENTS ON PROPOSED  
RESOURCE PLANNING RULES**

Tucson Electric Power Company (“TEP”) and UNS Electric Company (“UNS Electric”), (collectively, the “Companies”), through undersigned counsel, hereby file their comments regarding the proposed draft Resource Planning and Procurement Rules (“Proposed Rules”). In general, the Companies are in agreement with of the Proposed Rules; however, the Companies believe some minor modifications to the Proposed Rules are appropriate.

**A. Introduction.**

The Companies have actively participated in the Arizona Corporation Commission’s (“Commission”) Integrated Resource Planning (“IRP”) workshop process and are supportive of the work being done by Staff and the Commission to update and improve the Commission’s Integrated Resource Planning rules. The Companies believe that a well designed resource planning process provides the framework for ensuring reliable electric service at just and reasonable rates while effectively managing risk and future uncertainty. Issuing effective proposed rules at this time will help minimize the potential for material revisions to those rules during the rulemaking process. The Companies believe there are several revisions that will benefit the Proposed Rules.

**B. Proposed Revisions to Proposed Rules.**

The Companies propose the following revisions to the Proposed Rules:

1           **1.       A.A.C. R14-2-703(F)(4).**

2           The IRP should be the process that evaluates traditional load forecasting and cost  
3 considerations with other Commission objectives such reliability targets, renewable generation  
4 targets, energy efficiency targets and emissions compliance. The IRP process is not the place to  
5 debate or establish these targets, but rather the process to ensure that they are being met in a  
6 manner that will be in the public interest, given the existing portfolio of generating resources and  
7 future resource needs. Accordingly, TEP and UNS Electric believe that the language in R14-2-703  
8 (F) (4) should simply reflect that the load serving entities will meet the Annual Renewable Energy  
9 Requirement as set forth in R-14-2-1804 – and not a separate table based on what is currently set  
10 forth in R14-2-1804 – to prevent inconsistencies or conflicts between these rules in the future.  
11 Rule 703(F)(4) should be revised to state as follows:

12           “4.       Will include renewable energy resources so as to meet the Annual  
13           Renewable Energy Requirement in R14-2-1804.”

14           **2.       A.A.C. R14-2-704(A).**

15           For effective planning purposes, IRP plans need prompt review. However, A.A.C. R14-2-  
16 704 (B) allows a 15-month lag between the time the resource plan is filed and the time it is  
17 reviewed by the Commission. It was envisioned that the new resource planning process would  
18 utilize public workshops to keep the Commission up-to-date on the resource plan under  
19 development. This up-front and transparent process would reduce the turnaround time required to  
20 review the IRP since the Commission would be involved in the plan development from the onset.  
21 That should allow more timely review of specific resource plans. Therefore, the Companies  
22 propose that, in order to facilitate more effective and timely phasing, R14-2-704 (A) be revised to  
23 state as follows:

24           “Within 120 days of the submission of the resource plan filing by an  
25           electric utility, the Commission shall schedule a hearing to review the  
26           utility’s resource plan, short-term action plan, and issue a letter of  
27           sufficiency.”

1           **3.     A.A.C. R14-2-704(E).**

2           It is important that the resource planning rules include provisions that require the  
3 Commission to acknowledge the submitted resource plan so the electric utility is able to move  
4 forward and execute its recommended resource plan. TEP and UNS Electric believe that once the  
5 Commission has acknowledged the resource plan and approved the short term action plan, any  
6 specific resource planning actions that the company takes to implement that plan is presumed to be  
7 prudent without further review. The Companies propose adding the following language to R14-  
8 2-704 (E):

9           “If a load-serving entity takes specific resource planning actions in order to  
10 implement an acknowledged resource plan, the rebuttable presumption is  
11 that such action has been deemed to be prudent by the Commission if both  
12 of the following criteria apply:

- 13           1.     The PPA, contract, or investment was selected pursuant to R14-2-  
14                 705; and
- 15           2.     The resource planning action meets the action plan filed pursuant  
16                 to the provisions of R14-2-703 (H) in the most recently  
17                 acknowledged plan.”

18           **4.     A.A.C. R14-2-705(B)(4).**

19           As written, this provision is ambiguous and creates an issue as to what is contemplated by  
20 a two year “planning horizon” with respect to procurement. To provide certainty, the Companies  
21 suggest that a more definitive term that eliminates discretionary interpretation would be helpful  
22 and proposes revising R14-2-705(B)(4) so that it states:

- 23           “4.     The transaction is for a term of three years or less.”

24           **C.     Conclusion.**

25           TEP and UNS Electric respectfully request that the Commission adopt its proposed  
26 revisions to the proposed Resource Planning and Procurement Rules to be submitted to the  
27 Arizona Secretary of State.

1 RESPECTFULLY SUBMITTED this 16<sup>th</sup> day of November 2009.

2 TUCSON ELECTRIC POWER COMPANY  
3 UNS ELECTRIC, INC.

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17 Original and 13 copies of the foregoing  
18 filed this 16<sup>th</sup> day of November 2009 with:

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23 Copy of the foregoing hand-delivered/mailed  
24 this 16<sup>th</sup> day of November 2009 to:

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