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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

Arizona Corporation Commission

DOCKETED

DEC -8 2009

DOCKETED BY
NR

IN THE MATTER OF THE APPLICATION
OF TUCSON ELECTRIC POWER
COMPANY 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. 71411

ORDER

Open Meeting
November 19 and 20, 2009
Phoenix, Arizona

BY THE COMMISSION:

FINDINGS OF FACT

1. Tucson Electric Power Company ("TEP" or "Company") is certificated to provide electric service as a public service corporation in the State of Arizona.
2. On September 21, 2009, TEP 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.

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1 **The Proposed Tariff**

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

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

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

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

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

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1 8. Each calendar year, for the customer bills produced in October (September usage)
2 or a customer's "Final" bill, the Company would credit the Customer for the balance of excess
3 kWhs remaining. The payment for the purchase of these excess kWhs would be at the Company's
4 applicable avoided cost. TEP has defined its avoided cost as the average hourly market cost of
5 comparable conventional generation as specified on its proposed Pricing Plan Rider-3 applicable to
6 the NM-PRS. Proposed Rider-3 shows the credit for excess generation to be 2.32 ¢ per kWh as of
7 April 1, 2009. The proposed Rider-3 indicates that the MCCCCG will be filed annually (by
8 February 1) by TEP for approval by the Commission.

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

16 **Staff Recommendations**

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

20 11. Staff also has recommended that TEP be ordered to file a revised NM-PRS tariff
21 and a revised Pricing Plan Rider-3 consistent with the decision in this matter within 15 days of the
22 effective date of the Decision.

23 12. Additionally, we will require TEP to notify by either U.S. mail or electronic mail
24 each of their customers who have received a rebate for distributed solar that the Commission has
25 approved TEP's net metering tariff and that the customer will begin receiving the rate related
26 benefits associated with the net metering tariff.

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CONCLUSIONS OF LAW

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2 1. Tucson Electric Power Company is a public service corporation within the meaning
3 of Article XV, Section 2 of the Arizona Constitution.

4 2. The Commission has jurisdiction over Tucson Electric Power Company and the
5 subject matter of the application.

6 3. The Commission, having reviewed the application and Staff's Memorandum dated
7 November 4, 2009, concludes that it is in the public interest to approve the proposed Pricing Plan
8 Rider-3 (MCCCG) as applicable to Pricing Plan Rider-4 NM-PRS, and Pricing Plan Rider-4, Net
9 Metering for Certain Partial Requirements Service with the modifications described herein.

10 ORDER

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

15 IT IS FURTHER ORDERED that Tucson Electric Power Company shall notify by either
16 U.S. mail or electronic mail each of their customers who have received a rebate for distributed
17 solar that the Commission has approved Tucson Electric Power Company's net metering tariff and
18 that the customer will begin receiving the rate related benefits associated with the net metering
19 tariff.

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1 IT IS FURTHER ORDERED that Tucson Electric Power Company should file a revised
2 NM-PRS tariff and a revised Pricing Plan Rider-3 consistent with this Decision within 15 days of
3 the effective date of this Decision.

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

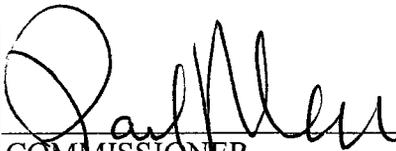
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6 **BY THE ORDER OF THE ARIZONA CORPORATION COMMISSION**

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9 CHAIRMAN



COMMISSIONER

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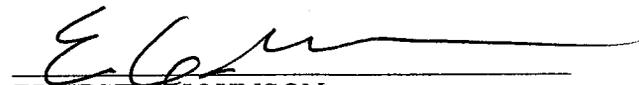
12 COMMISSIONER

COMMISSIONER



COMMISSIONER

13 IN WITNESS WHEREOF, I, ERNEST G. JOHNSON,
14 Executive Director of the Arizona Corporation Commission,
15 have hereunto, set my hand and caused the official seal of this
16 Commission to be affixed at the Capitol, in the City of
17 Phoenix, this 9th day of December, 2009.

18 
19 ERNEST G. JOHNSON
20 EXECUTIVE DIRECTOR

21 DISSENT: _____

22 DISSENT: _____

23 SMO:JJP:lhmkOT
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1 SERVICE LIST FOR DOCKET NO. RE-00000A-07-0608

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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 th Street Phoenix, Arizona 85006
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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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