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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

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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. 71412

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-

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

### 24 CONCLUSIONS OF LAW

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

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



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

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

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

  
CHAIRMAN

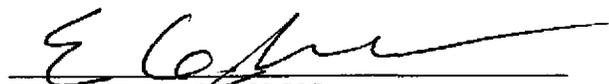
  
COMMISSIONER

  
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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 8<sup>th</sup> day of December, 2009.

  
ERNEST G. JOHNSON  
EXECUTIVE DIRECTOR

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

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

SMO:JJP:lhm\KOT

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

2 Ms. Jessica Bryne  
3 Regulatory Services  
4 Tucson Electric Power Co.  
5 Post Office Box 711  
6 Tucson, Arizona 85702

7 Mr. Jeff Schlegel  
8 SWEEP  
9 1167 West Samalayuca Drive  
10 Tucson, Arizona 85704

11 Mr. Dave Couture  
12 Tucson Electric Power Company  
13 Post Office Box 711  
14 Tucson, Arizona 85702

15 Mr. Robert Annan  
16 Annan Group  
17 6605 East Evening Glow Drive  
18 Scottsdale, Arizona 85262-7350

19 Mr. Jerry Payne  
20 Cooperative International Forestry  
21 333 Broadway, S.E.  
22 Albuquerque, New Mexico 87102

23 Ms. Kimberley A. Grouse  
24 Snell & Wilmer  
25 One Arizona Center  
26 400 East Van Buren Street  
27 Phoenix, Arizona 85004

28 Mr. Brian Hageman  
Ms. Caren Peckerman  
Mr. Richard Briul  
Deluge, Inc.  
8765 East Bell Road, Suite 210  
Scottsdale, Arizona 85260-1321

Mr. David Berry  
Western Resource Advocates  
Post Office Box 1064  
Scottsdale, Arizona 85252

Mr. Dan Pozefsky  
Residential Utility Consumer Office  
1110 West Washington Street, Suite 100  
Phoenix, Arizona 85007

Mr. Eric C. Guidry  
Western Resource Advocates  
2260 Baseline Road, Suite 200  
Boulder Colorado 80302-7740

Mr. John Wallace  
GCSECA, Inc.  
120 North 44<sup>th</sup> Street, Suite 100  
Phoenix, Arizona 85034

Mr. C. Web Crockett  
Mr. Patrick J. Black  
Fennemore Craig  
3003 North Central Avenue, Suite 2600  
Phoenix, Arizona 85012

Ms. Jana Brandt  
Ms. Kelly Barr  
Salt River Project  
Post Office Box 52025, MS PAB221  
Phoenix, Arizona 85072

Mr. Andrew Bettwy  
Southwest Gas Corporation  
5421 Spring Mountain Road  
Las Vegas, Nevada 89102

Mr. Gary Mirich  
ENERGY STRATEGIES  
3033 North Central Avenue, No. 900  
Phoenix, Arizona 85004

Mr. Michael Patten  
Ms. Laura Sixkiller  
Roshka DeWulf & Patten  
One Arizona Center  
400 East Van Buren Street, Suite 800  
Phoenix, Arizona 85004

71412

Decision No. \_\_\_\_\_

1	Ms. Amy LeGere 4850 Reata Road Flagstaff, Arizona 86004	E-01025A Ajo Improvement Company P.O. Drawer 9 Ajo, Arizona 85321
2	3	E-02044A Dixie Escalante Rural Electric Assoc., Inc. 71 East Highway 56 Beryl, Utah 84714-5197
3	4	E-01773A Arizona Electric Power Cooperative, Inc. P.O. Box 670 Benson, Arizona 85602
4	5	E-03614A Eastern Competitive Solutions, Inc. 2712 North 7 <sup>th</sup> Street Phoenix, Arizona 85006
5	6	E-01851A Columbus Electric Cooperative, Inc. P.O. Box 631 Deming, New Mexico 88031
6	7	E-01749A Graham County Electric Cooperative, Inc. P.O. Drawer B Pima, Arizona 85543
7	8	E-01703A Duncan Valley Electric Cooperative, Inc. P.O. Box 440 Duncan, Arizona 85534
8	9	E-01891A Garkane Energy Cooperative, Inc. P.O. Box 465 Loa, Utah 84747
9	10	E-03869A PDM Energy, L.L.C. One North Central Avenue Phoenix, Arizona 85004
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25	26	
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27	28	

1 E-01787A  
Navopache Electric Cooperative, Inc.  
2 1878 West White Mountain Blvd.  
3 Lakeside, Arizona 85929

Ms. Janice M. Alward  
Chief Counsel, Legal Division  
Arizona Corporation Commission  
1200 West Washington Street  
Phoenix, Arizona 85007

4 E-01575A  
Sulphur Springs Valley Electric Coop, Inc.  
5 P.O. Box 820  
6 Willcox, Arizona 85644

7 E-01933A  
Ms. Karen Kissinger  
8 Tucson Electric Power Company  
P.O. Box 711, MS OH-203  
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

16 E-04204A  
Karen Kissinger  
17 UNS Electric, Inc.  
P.O. Box 711, MS OH-203  
18 Tucson, Arizona 85702

19 Kevin T. Fox  
20 Keyes & Fox, LLP  
5727 Keith Avenue  
21 Oakland, California 94618-1543

22 Mr. Steven M. Olea  
23 Director, Utilities Division  
Arizona Corporation Commission  
24 1200 West Washington Street  
25 Phoenix, Arizona 85007

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