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2010 MAY 13 A 10: 29

ORIGINAL

REVISED MAYES PROPOSED AMENDMENT 1

AZ CORP COMMISSION
DOCKET CONTROL

TIME/DATE PREPARED: May 13, 2010

COMPANY: Tucson Electric Power

AGENDA ITEM NO. 9

DOCKET NO. E-01933A-09-0340

OPEN MEETING DATE: 5-13-2010

Page 5, line 17.5, INSERT New Finding of Fact: "While the Commission believes that utility ownership of renewable energy projects can be beneficial to both the Company and its customers, we are also mindful of the benefits that accrue from renewable energy produced by independent power providers. The Commission recognizes that independently produced and locally sited solar generation has the potential to ease transmission bottlenecks on a utility's system, thereby lowering costs for ratepayers associated with incremental new generation and distribution infrastructure. Providing an opportunity for independent power providers to assist utilities in meeting the RES also brings an element of competition to the RES programs and could leverage private capital in a way that lowers the cost of renewable energy over time. It is today unclear whether utility-owned solar will ultimately prove less expensive than solar produced by independent power providers, and by pairing utility-owned solar projects with projects provided by developers, the Commission will be able to compare the costs of these projects on a levelized cost of energy basis.

Therefore, we believe that TEP should be required to develop a plan for Commission consideration to procure at least 1.6 megawatts of solar from independent power providers, in addition to the 1.6 Megawatts that are being approved in this Order. Additionally, we believe that because the 1.6 Megawatts would be procured generation, the costs associated with the 1.6 megawatts would be eligible for recovery through the Company's Purchased Power and Fuel Adjustment Clause. The Company should make a proposal for the 1.6 megawatts as part of its 2011 REST Implementation Plan."

Page 6, line 5.5, INSERT New Ordering Paragraph: "IT IS FURTHER ORDERED THAT the Tucson Electric Power shall develop proposals to procure at least 1.6 megawatts of solar from independent power providers and file the proposals as part of the Company's 2011 REST Implementation Plan."

Make all conforming changes.

Arizona Corporation Commission
DOCKETED

MAY 13 2010

DOCKETED BY	
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