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BEFORE THE ARIZONA CORPORATION COMMISSION

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KRISTIN K. MAYES  
Chairman  
GARY PIERCE  
Commissioner  
SANDRA D. KENNEDY  
Commissioner  
PAUL NEWMAN  
Commissioner  
BOB STUMP  
Commissioner

Arizona Corporation Commission

DOCKETED

AUG 10 2010

DOCKETED BY [Signature]

IN THE MATTER OF THE APPLICATION )  
OF UNS ELECTRIC, INC. FOR APPROVAL )  
OF PRICING RIDER-3 MARKET COST OF )  
COMPARABLE CONVENTIONAL )  
GENERATION )

DOCKET NO. E-04204A-10-0162  
DECISION NO. 71821  
ORDER

Open Meeting  
July 27 and 28, 2010  
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 April 28, 2010, UNSE filed an application for approval of its revised Pricing Plan Rider-3, Market Cost of Comparable Conventional Generation ("MCCCG") to update its avoided cost rate. UNSE's proposed Pricing Plan Rider-3 specifies a standard rate to be paid for purchases of excess energy from Net Metering Facilities.
3. The Commission's Decision No. 71412 approving UNSE's Net Metering tariff (NM-PRS) stated:  
  
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. UNSE 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 to be 3.109¢ per kWh as of June 1, 2009.



1 IT IS FURTHER ORDERED that UNS Electric, Inc. shall file a revised tariff consistent  
2 with this Decision with Docket Control, as a compliance matter to this docket, within 15 days of  
3 the effective date of this Decision.

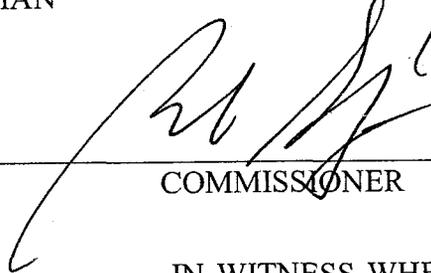
4 IT IS FURTHER ORDERED that this Decision shall become effective immediately.

5  
6 **BY THE ORDER OF THE ARIZONA CORPORATION COMMISSION**

7   
8 CHAIRMAN

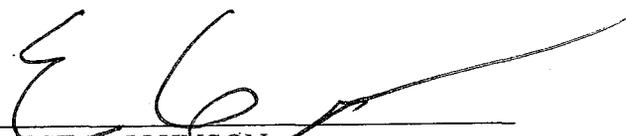
  
COMMISSIONER

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11 COMMISSIONER

  
COMMISSIONER

  
COMMISSIONER

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13 IN WITNESS WHEREOF, I, Ernest G. Johnson, Executive  
14 Director of the Arizona Corporation Commission, have  
15 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 10<sup>th</sup> day of August, 2010.

18   
19 ERNEST G. JOHNSON  
20 EXECUTIVE DIRECTOR

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

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

23 SMO:JJP:lhmlJMA  
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1 SERVICE LIST FOR: UNS Electric, Inc.  
2 DOCKET NO. E-04204A 10-0162

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