

OPEN MEETING AGENDA ITEM



0000118433

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

ORIGINAL



RECEIVED

DOCKETED ARIZONA CORPORATION COMMISSION

Direct Line: (602) 542-3699
Fax: (602) 542-3708
E-mail: pnewman@azcc.gov

SEP 29 2010

2010 SEP 29 A 9:58

September 29, 2010

DOCKETED BY

ARIZONA CORPORATION COMMISSION
DOCKET CONTROL

Re: In the Matter of the Application of Arizona Public Service Company for a Solar Electrical Supply Agreement Docket No. E-01345A-10-0113

Dear APS & Freeport-McMoRan:

I am writing to request additional information from Arizona Public Service Company ("APS") and Freeport-McMoRan Bagdad, Inc. ("Freeport") regarding the referenced docket.

I understand the project is:

- a 25-year agreement for 15 MW of solar PV which would cover approximately 5% of the Bagdad mine's energy needs;
- as proposed, energy produced would be counted toward the *non-residential distributed*, rather than the *utility* side, of the Renewable Energy Standard ("RES"), and would meet up to 22% of the non-residential distributed generation requirement;
- Energy produced would be counted against consumption only and will NOT reduce "demand" charges.

If my above understanding is incorrect, please explain.

I would appreciate APS and Freeport answering the following questions:

1. How much electricity did Freeport use at the mine, and how much did Freeport pay for power at the Bagdad mine in 2007, 2008, 2009 and the first 8 months of 2010?
2. Assuming that there will be other bidders for the non-residential DE (Distributed Energy) allocation over the next 25 years, what do APS and Freeport think of Commissioner Mayes' amendment? (You can address this at the Open Meeting.)
3. How much has the mine paid into the RES for the time frames referenced in question #1 above?
4. How does this special contract benefit ratepayers based on the amount of money paid by the Bagdad mine into the RES relative to the mine's energy consumption?

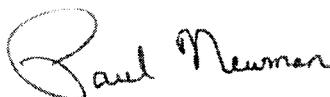
September 29, 2010

Page 2

5. Please explain to the Commission how it works to have the energy produced counted only towards 'energy' charges rather than 'demand' charges. What percentage of Freeport's bill is demand versus energy charges?
6. How much money does Freeport expect to save per year under this special contract?
7. Does Freeport want this project because of the economic benefit or to mitigate climate change? What is Freeport's position on climate change?
8. Will Freeport be receiving any lease payments or anything similar in exchange for allowing the use of Freeport's land to build the 15 MW solar plant?

Thank you for your prompt response to this inquiry. I look forward to your answers to assist me in my future consideration of this matter.

Sincerely,

A handwritten signature in cursive script that reads "Paul Newman".

Paul Newman
Commissioner

cc: Docket Control
Kristin K. Mayes, Chairman
Gary Pierce, Commissioner
Sandra D. Kennedy, Commissioner
Bob Stump, Commissioner
Ernest G. Johnson, Executive Director
Janice Alward, Chief Counsel
Steve Olea, Director, Utilities Division