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MAYES PROPOSED AMENDMENT NO. 3

TIME/DATE PREPARED: 11-23-10

ORIGINAL

COMPANY: Tucson Electric Power

AGENDA ITEM NO. U-34

DOCKET NO(S). E-01933A-10-0266

OPEN MEETING DATE: 11-22-10

Page 15, line 21, INSERT New Finding of Fact: "The Commission is pleased with the results to date of the Company's research and development efforts on renewable energy and believes this research is worthy of continuation. We are specifically interested in seeing the utilities jointly conduct studies in the following areas, which will advance the Commission's ability to implement the Renewable Energy Standard, and to plan for Arizona's energy needs in the future.

- Water-energy nexus: The Commission would like the utilities to jointly procure or conduct a study of the water-energy nexus in Arizona, including an analysis of the amount of water that is and will be needed to supply Arizona consumers with energy, as well as a quantification of the amount of energy that is and will be needed to produce and supply water to Arizonans. The study should include an evaluation of the technical feasibility, operational consequences, water use impacts and electric cost impacts of dry and hybridized dry cooling. We would like the utilities to reach out to the Salt River Project ("SRP") to request their involvement in this study.
- Increasing the Renewable Energy Standard: The Commission believes that the RES has become a successful vehicle for diversifying regulated utilities' energy portfolios and thereby ensuring more stable rates, and protecting the utilities and their customers from costly environmental upgrades that will increasingly be needed for fossil-fuel generating units. Additionally, renewable energy is a means of supplying power that does not rely on the procurement of fuel from faraway locales, providing additional benefits to ratepayers in the form of greater state and national security. And the Commission is also aware that numerous Arizona landowners and entities are interested in developing renewable energy and selling it to an Arizona utility, but that this has become increasingly difficult, as the Arizona utilities will largely have met their RES obligations through PPA's or projects that have already been signed or approved. Therefore, we are interested in better understanding the costs and benefits associated with increasing the RES, and would like the utilities to jointly procure an independent study on this topic to be used in a future stakeholder process at the Commission. This study should include an analysis of how renewable energy from an expanded RES could help to backfill power related to the potential future decommissioning of any coal plants in Arizona, including the Four Corners Power Plant Units 1 through 3.

Page 18, line 4, INSERT New Ordering Paragraph: "IT IS FURTHER ORDERED THAT Tucson Electric Power Company shall conduct or procure the studies outlined in this Order, in conjunction with a stakeholder process, and file them with the Commission no later than September 1, 2011."

MAKE ALL CONFORMING CHANGES

Arizona Corporation Commission

DOCKETED

NOV 23 2010

THIS AMENDMENT: Passed \_\_\_\_\_ Passed as amended by \_\_\_\_\_

Failed \_\_\_\_\_ Not Offered \_\_\_\_\_

Withdrawn \_\_\_\_\_

DOCKETED BY

*[Signature]*

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