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BEFORE THE ARIZONA CORPORATION COMMISSION

COMMISSIONERS

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ARIZONA CORPORATION COMMISSION
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Arizona Corporation Commission

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IN THE MATTER OF THE ARIZONA CORPORATION COMMISSION'S INQUIRY INTO AGGREGATED NET METERING FOR ELECTRIC SERVICES

DOCKET NO. E-000000J-10-0202

NOTICE OF FILING

Tucson Electric Power Company ("TEP") and UNS Electric, Inc. ("UNS Electric"), collectively referred to as the "Companies," appreciate the opportunity to provide comments in response to Arizona Corporation Commission ("Commission") Staff's Report on Aggregated Net Metering ("ANM"). The Companies are supportive of the Staff Report and its conclusions, and appreciated the well-attended workshops where the various issues of ANM were vetted. The participation of Kevin Fox of Keyes & Fox, LLP was very helpful to the process and his report accurately reflects the positions of the parties involved. Moreover, the Companies believe that the Staff Report is thorough, accurate, and comes to the correct conclusions regarding the recommended parameters of ANM in Arizona.

I. The Companies agree with the Staff Report's definition of ANM.

In the Staff Report, ANM is defined as "an extension of Arizona's existing net metering rules to allow one customer who owns a generating asset (using renewable resources, a fuel cell or CHP) and receives service on multiple meters on properties contiguous with the site of the customer's generation asset to aggregate loads from those multiple meters so that the customer's generation can offset kWh purchased from the utility for the aggregated load." The Companies agree with this definition and consider the "contiguous" portion of the definition crucial to the implementation of ANM in Arizona. Any other definition, such as the virtual ANM supported by

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1 some of the parties (aggregating *non-contiguous* properties) would be unworkable and would
2 require the Commission to consider the following issues: utility cost recovery, cost-shifting and
3 rate making consequences outside of a rate case, potential conflict with TEP's current Settlement
4 Agreement as approved by the Commission, the applicability of TEP's Direct Access Rules and
5 Regulations, and potential conflict with or application of Federal rules via the Federal Energy
6 Regulatory Commission and or the Public Utility Regulatory Policies Act.

7 II. The Companies agree that an ANM pilot program could be implemented with the right
8 changes.

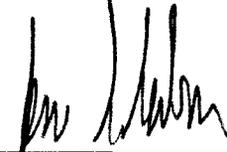
9 Included in the Staff Report is a recommendation that the Companies and Arizona Public
10 Service ("APS") institute pilot programs for ANM. Staff recommends that the pilots be limited to
11 governmental and agricultural customers with the possibility of requiring all participating meters
12 to be on the same tariff. If the Commission is going to move forward with ANM, the Companies
13 support the notion of a pilot with the requirement that all meters be on the same tariff. This will
14 reduce the amount of costs the Companies will incur to make changes in its metering and billing
15 system to support ANM.

16 III. Conclusion.

17 The Companies appreciate the opportunity to comment on the Staff Report regarding
18 ANM. The Companies believe that Staff was thorough in their report and support the conclusions
19 contained therein.

20 RESPECTFULLY SUBMITTED this 20th day of December 2010.

21 TUCSON ELECTRIC POWER COMPANY

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