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Alliance

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September 20, 2011

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Gary Pierce, Chairman
Bob Stump, Commissioner
Paul Newman, Commissioner
Sandra D. Kennedy, Commissioner
Brenda Burns, Commissioner

AZ CORP COMMISSION
DOCKET CONTROL

Arizona Corporation Commission
DOCKETED

SEP 20 2011

Arizona Corporation Commission
1200 West Washington Street
Phoenix, Arizona 85007

DOCKETED BY
REB

Re: Tucson Electric Power Company's Notice of Suspension of Acceptance of Residential Incentive Applications Under 2011 REST Plan

IN THE MATTER OF THE APPLICATION OF TUCSON ELECTRIC POWER COMPANY FOR APPROVAL OF ITS 2011 RENEWABLE ENERGY STANDARD IMPLEMENTATION PLAN AND DISTRIBUTED ENERGY ADMINISTRATIVE PLAN AND REQUEST FOR RESET OF RENEWABLE ENERGY ADJUSTOR. (E-019345A-10-0266) -

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Dear Chairman Pierce and Commissioners:

The Solar Alliance respectfully requests the Commission to direct TEP to continue the residential UFI program at no less than \$1.25/Watt, funded with unspent monies from TEP's administrative related accounts and auxiliary programs.

The Solar Alliance does not support TEP's September 13, 2011 request to allocate all remaining unspent funds from the commercial program to replenish the residential budget. The solar industry needs stable and predictable regulatory policy to be able to deliver reliable clean energy and with continued cost reductions. The ACC approved the commercial PBI budget in November 2010, and the industry has developed its annual plans according to that budget and megawatt-hour target. ACC should not deplete the funds and change the expected program plans with little notice now.

In place of funding residential demand from the commercial budget, the Solar Alliance requests that TEP be required to document the status of its

administrative budget and auxiliary programs before the ACC makes a decision. If this review yields other unspent funds suitable for reallocation, the Solar Alliance requests that those funds be added into the residential UFI program.

The Solar Alliance acknowledges the fact that TEP may have a limited amount of unspent funds not under contract given the proximity to fourth quarter. Therefore, if it is discovered that a nonmaterial amount of funds is remaining in TEP's budgets, we suggest suspending the residential UFI program for the remainder of 2011.

Furthermore, we feel that a cut from \$2/watt to a \$1.00/Watt UFI is too aggressive for this remaining quarter in the TEP territory given the lower retail rates and less mature state of market development than is found in the Arizona Public Service territory.

Thank you for your consideration.

Respectfully submitted,



Carrie Cullen Hitt
President
The Solar Alliance

cc: Docket Control
Parties of Record