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UniSourceEnergy SERVICES

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Arizona Corporation Commission
DOCKETED

JAN 23 2012

AZ CORP COMMISSION
DOCKET CONTROL

DOCKETED BY *[Signature]*

January 23, 2012

Docket Control
Arizona Corporation Commission
1200 West Washington Street
Phoenix, AZ 85007

Re: 2012 REST Implementation Plan: Status Update on Non-Residential Incentive Levels
Docket No. E-04204A-11-0267

To Whom It May Concern:

UNS Electric, Inc. ("UNS Electric") is submitting this letter to update the Arizona Corporation Commission ("Commission") on the status of the incentives levels and triggers set by the Commission. Decision No. 72738 (January 18, 2012) set the incentive levels and trigger mechanism as shown below:

Date of Trigger	Compliance Level to Activate Trigger	Incentive Level if Trigger Activated
June 30, 2012	45%	\$0.85 per watt
September 30, 2012	70%	\$0.85 per watt if June 30 trigger was not reached. \$0.70 per watt if June 30 trigger was reached.
November 30, 2012	90%	\$0.85 per watt if no previous 2012 triggers reached. \$0.70 if one previous 2012 trigger reached. \$0.50 per watt if both previous 2012 triggers reached.

By January 9, 2012, UNS Electric had received 13 non-residential up-front incentives totaling \$339,432 in reservations. This represented 49.1% of the \$691,614 budget for 2012. By January 10, 2012, UNSE Electric received three (3) additional applications, thereby increasing the total percentage to 54% reserved, resulting in the trigger level being reached. The industry installers were notified that the trigger had been reached and the current incentive levels were now set at \$0.85 per watt.

By the close of business on January 16, 2012, UNS Electric had received applications totaling 74% of the budget, thereby hitting the second trigger point and causing the incentive rate to drop to \$0.70 per watt (the last project received that pushed the budget over 70% reserved was awarded the lower incentive of \$0.70).

As of today, January 23, 2012, the breakdown of the incentive levels for UNS Electric is as follows:

Tracking as of 01/23/2012		
		Percentage Level
Residential	\$265,946	17.6% ¹
Commercial	\$566,176	81.8% ²
Total	\$832,122	

1 - Based on total residential budget of \$1,509,496, which was determined using the approved residential budget of \$1,752,337 minus \$242,841 of under collected 2010 funds.

2 - Pending final approval of one application.

Please contact Carmine Tilghman at (520) 745-7108 if you have any questions.

Sincerely,



Jessica Bryne
Regulatory Services

Cc: Steve Olea, Director, Utilities Division
Robert Gray, Utilities Division