

ORIGINAL



0000137725

UniSourceEnergy
SERVICES

P.O. Box 711
Tucson, Arizona 85702

RECEIVED

2012 JUL -3 P 4: 03

Arizona Corporation Commission
July 3, 2012
DOCKETED

JUL 03 2012

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

DOCKETED BY *JM*

Re: UNS Electric, Inc. - REST Plan Executive Summary and PowerPoint Presentation
Docket No. E-04204A-12-0297

Pursuant to Decision No. 72034 (December 10, 2010), UNS Electric, Inc. ("UNS Electric") is required to file a REST Plan summary and a PowerPoint presentation of the REST filing. Enclosed is the UNS Electric REST Plan Executive Summary and PowerPoint presentation of the Implementation Plan that was filed on July 2 in the above docket. UNS Electric is also filing an electronic copy of the PowerPoint presentation directly with Arizona Corporation Commission Staff.

If you have questions or comments please contact me at (520) 884-3680.

Sincerely,

Jessica Bryne
Jessica Bryne
Regulatory Services

Enclosures: Executive Summary and PowerPoint Presentation

cc: Steve Olea, Director, ACC
Compliance, ACC



UNS Electric, Inc.

**2013 Renewable Energy Standard and
Tariff Implementation Plan**

July 2, 2012

Executive Summary

UNS Electric, Inc. (“UNS Electric” or “Company”) hereby submits its 2013 Renewable Energy Implementation Plan and Tariff (“Plan”) Executive Summary as ordered by the Arizona Corporation Commission.¹

The 2013 UNS Electric REST Implementation Plan addresses:

1. Utility Scale Renewable Generation: UNS Electric expects to have approximately 22 mega-watts (“MW”) of utility-scale solar and wind generation on-line by the end of 2012, with an additional 3 MW of capacity coming on-line in 2013.
2. Bright Arizona Solar Buildout Plan: UNS Electric will continue its development of utility-owned solar generation through the Bright Arizona Solar Buildout Plan.
3. Distributed Generation Incentive Programs: UNS Electric is requesting approximately \$2.5 million for the Company’s Renewable Energy Credit Purchase Program, which consists of residential and commercial up-front incentives, as well as commercial performance based incentives. UNS Electric is additionally proposing to levelize the residential distributed generation values over the next 6 years to provide the market with more stability and certainty.
4. Research and Development: UNS Electric’s proposal includes a research and development plan similar to those approved by the Commission in previous plans. The research and development plan provides for a specific allocation to the Arizona Research Institute for Solar Energy (AzRISE).
5. Additional Requested Information: UNS Electric is requesting clarification and/or guidance on a number of issues, including: the requirement to impose a REST surcharge on customers who take utility incentives; the requirement to report total

¹ Decision No. 72034 (December 10, 2010) pg. 20, ln. 15-18.

cost of the system for leased systems on Arizona Goes Solar; and how UNS Electric will meet the State's distributed generation requirements in a post-incentive environment.

The Plan consists of an overall budget of \$8.9 million. The requested tariff charge is \$0.0127/kWh, with customer caps by class. The caps were developed using the proportional cap allocation method; under this methodology, the caps for all customer classes are increased proportionately.

UNS Electric's Plan provides a realistic and cost-effective strategy for complying with the REST requirements. Therefore, UNS Electric requests the Commission approve the Plan to be effective on January 1, 2013.

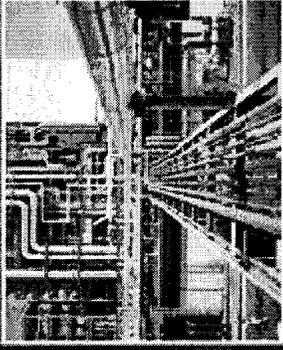
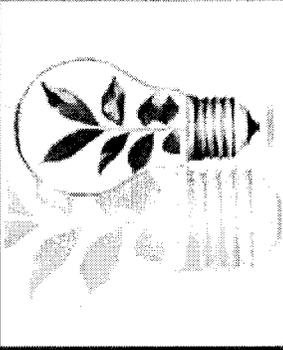
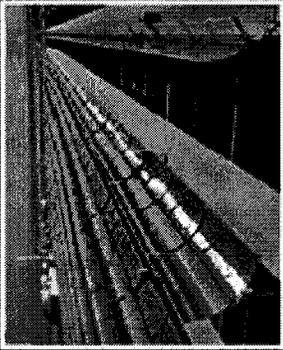


UNS Electric, Inc.

**2013 Renewable Energy Standard and
Tariff Implementation Plan**

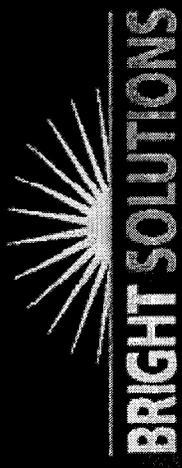
July 2, 2012

PowerPoint Presentation

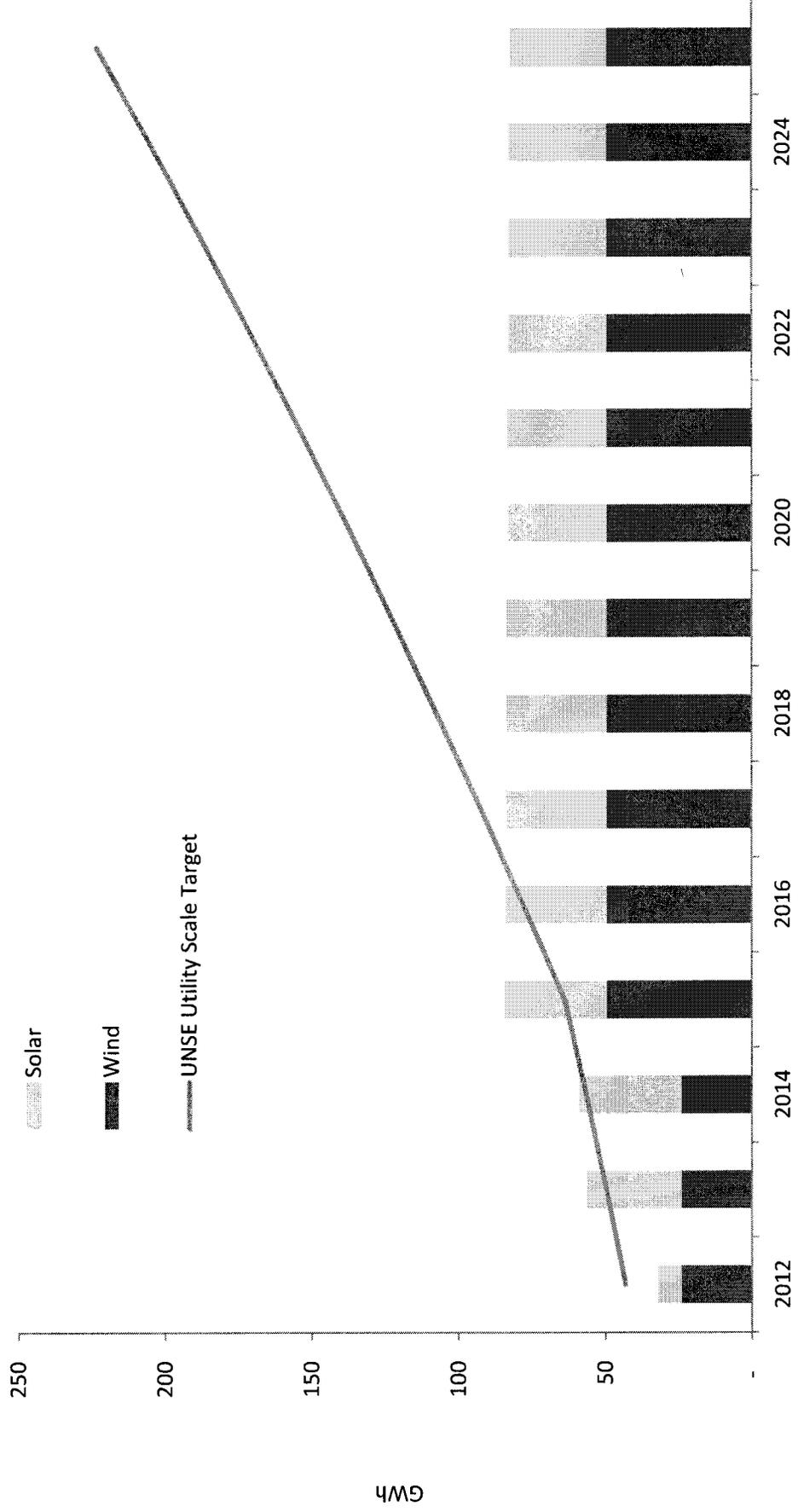


2013 REST Implementation Plan

UNS Electric, Inc.



UNSE Utility Scale



Build-out Plan

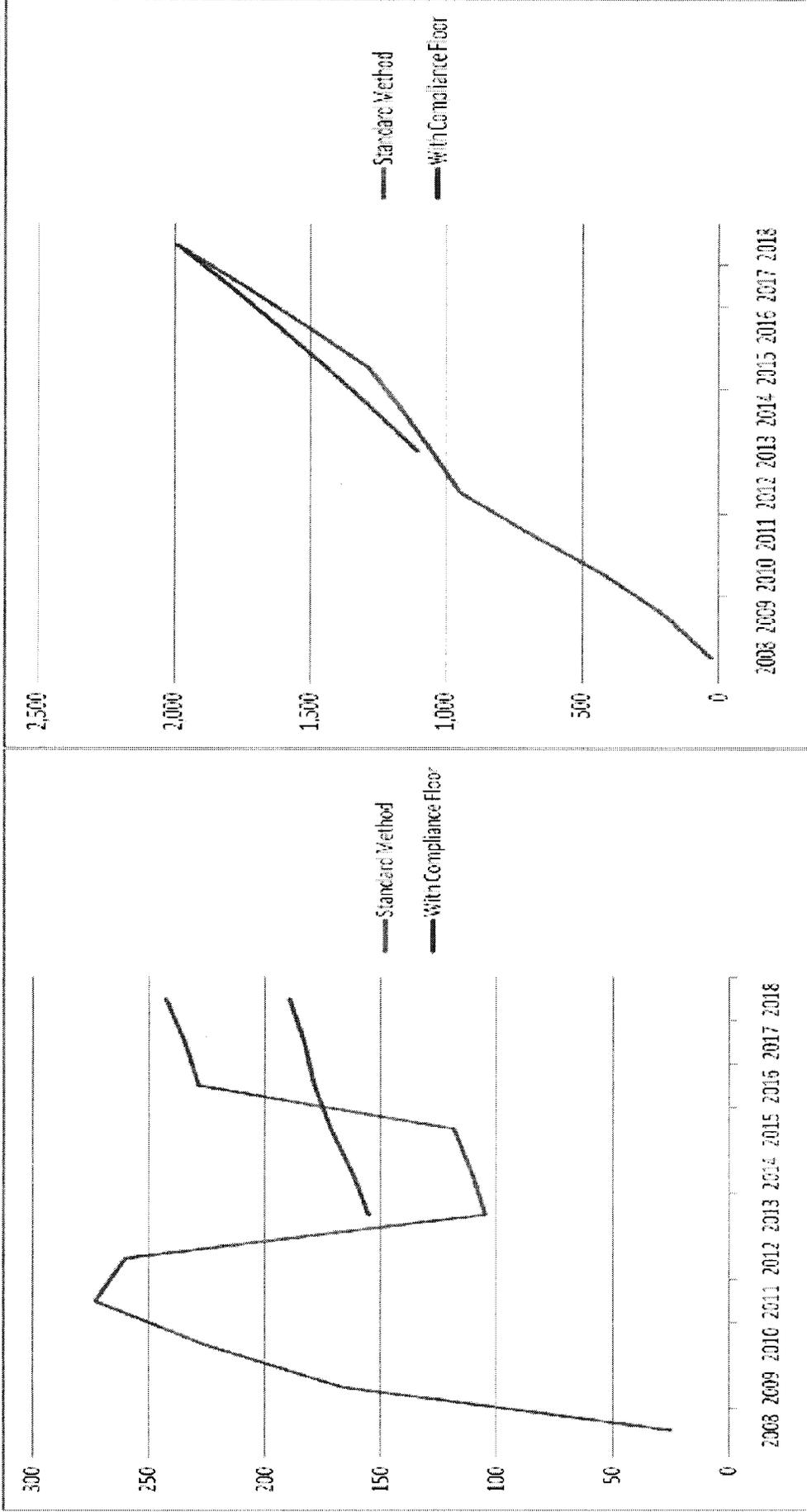
- Balance the utility scale portfolio
- Financial project certainty
- Competitive Procurement
- Approved in UNSE Rate Case

Year Installed	Year Recovered	Annual Capital Investment	MW Capacity
2011	2012	\$5,000,000	1.5 MW
2012	2013	\$5,000,000	1.5 MW
2013	2014	\$5,000,000	1.5 MW
2014	2015	\$5,000,000	1.5 MW
4-Year Total		\$20,000,000	6 MW

Residential Distributed Generation

- Up front incentive
 - UFI PV - \$0.50 per DC Watt (max 30 kW DC)
 - UFI SHW - \$0.50 per annual estimated kWh saved (max \$1,750)
- Compliance Floor Budget
 - Keep market stable through dip in DG REST requirement
 - Same number of cumulative systems by 2018
- No Triggers
 - Flexibility for Company to lower incentives

Residential Compliance Floor



Commercial Distributed Generation

- No Triggers
- Non-residential incentives will be paid at the following levels:
 - UFI PV - \$0.40 per watt on a first come, first serve basis (max 70 kW DC)
 - PBI PV - \$0.072 per kWh for > 70-200 kW systems
 - \$0.068 per kWh for 201-400 kW systems
 - \$0.064 per kWh for > 400 kW systems
 - UFI SHW - \$0.50 per kWh of annual kWh savings
 - PBI SHW - \$0.57 per kWh

Research and Development

- University Research – AzRISE
- Share information with TEP R&D efforts

Research and Development Initiatives	Budget
AzRISE Research	\$ 20,000

Total Budget Comparisons

UNS Electric Renewable Energy Standard Tariff		2012	2013
Line Item Budget			
Total REST Budget & Tariff Collection:		\$7,673,206	\$8,911,454
		2012	2013
Utility Scale Energy		\$2,459,055	\$5,917,463
Customer Sited Distributed Renewable Energy		\$4,297,273	\$2,594,199
Technical Training		\$ 227,500	\$ 37,500
Information Systems		\$ 50,000	\$ 50,000
Metering		\$ 76,070	\$ 76,070
Program Labor and Administration		\$ 253,750	\$ 208,722
Renewable Energy Balancing, Integration, and Field Testing		\$ 27,500	\$ 27,500
Total Spending		\$7,315,078	\$8,911,454
Under Recovered 2010 Funds		\$ -	\$ -
Total Amount for Recovery		\$7,673,206	\$8,911,454

Tariff

Rate Class	2012 Approved REST Budget	2013 Proposed REST Budget
Residential	\$3,566,066	\$4,425,833
Commercial	\$2,941,414	\$4,055,902
Lighting (PSHL)	\$5,788	\$6,613
Industrial & Mining	\$1,159,954	\$421,103
Total	\$7,673,222	\$8,909,452

Rate Class	Current Rates Caps	Proposed Rates Caps
Residential	\$4.50	\$5.50
Commercial	\$150.00	\$190.00
Lighting (PSHL)	\$135.00	\$175.00
Industrial & Mining)	\$5,500.00	\$7,000.00
Per kWh to all Classes	\$0.008887	\$0.012700

Customer Impacts

Company Proposal

Customer Class	Total Revenue	Percent of Revenue	Average Bill	Monthly Cap	Percent of Customers at Cap	Percent of Load
Residential	\$4,425,833	49.7%	\$4.56	\$5.50	69.7%	46.65%
Commercial	\$4,055,902	45.6%	\$61.01	\$190.00	9.8%	34.42%
Industrial & Mining	\$421,103	4.7%	\$6,903.33	\$7,000.00	41.52%	18.93%
Total	\$8,902,838	100.0%				