

OPEN MEETING AGENDA I7

ORIGINAL

MEMORANDUM



TO: THE COMMISSION

2012 OCT 24 P 2: 10

FROM: Utilities Division

ARIZONA CORP COMMISSION
DOCKET CONTROL

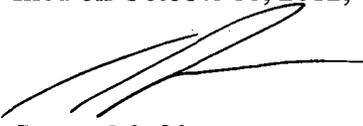
DATE: October 24, 2012

RE: TUCSON ELECTRIC POWER COMPANY – APPLICATION FOR APPROVAL OF ITS 2013 RENEWABLE ENERGY STANDARD AND TARIFF IMPLEMENTATION PLAN (DOCKET NO. E-01933A-12-0296)

On October 18, 2012, the Utilities Division of the Arizona Corporation Commission (“Staff”) filed its memorandum and proposed order regarding Tucson Electric Power Company’s (“TEP”) application for approval of its 2013 renewable energy standard and tariff (“REST”) implementation plan. Within the memorandum and proposed order, Staff provided a table which compared the budgets from the approved 2012 REST plan, TEP’s proposed 2013 REST plan, and Staff’s proposed 2013 REST plan. This table is shown on pages 24-25 of the proposed order. Staff has become aware that three subtotal numbers for the Staff proposed budget are incorrect. The subtotal line items as shown now and corrected are listed in the table below.

Line Item	As shown in Current Order	Corrected Number
Customer Sited Distributed Renewable Energy Subtotal	\$13,145,276	\$11,046,047
Information Systems Subtotal	\$125,000	\$100,000
Labor and Administration Subtotal	\$1,174,538	\$1,738,342

Attached is a corrected page 25 for the proposed order in this matter. The corrections to these three subtotal numbers do not change the total proposed budget or any other numbers in the budget or elsewhere in the REST plan. Please replace the table on page 25 of the proposed order filed on October 18, 2012, with the table attached to this memorandum.


Steven M. Olea
Director
Utilities Division

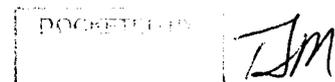
SMO:RGG:lhm\RM

ORIGINATOR: Robert G. Gray

Arizona Corporation Commission

DOCKETED

OCT 24 2012



1	Lost Revenue		\$89,700	\$0
2	Customer Education and Outreach	\$100,000	\$100,000	\$100,000
3	Subtotal	\$13,872,906	\$13,145,276	\$11,046,047
4	<i>Technical Training</i>			
5	Schools Program	\$350,000	\$0	\$0
6	Internal and Contractor Training	\$75,000	\$75,000	\$75,000
7	Subtotal	\$425,000	\$75,000	\$75,000
8	<i>Information Systems</i>			
9	Subtotal	\$500,000	\$125,000	\$100,000
10	<i>Metering</i>			
11	Subtotal	\$227,982	\$131,365	\$131,365
12	<i>Labor and Administration</i>			
13	Internal Labor	\$1,127,607	\$701,525	\$1,265,329
14	External Labor	\$446,031	409,013	409,013
15	Materials, Fees, Supplies	\$71,362	\$60,000	\$60,000
16	AZ Solar Website	\$4,000	\$4,000	\$4,000
17	Subtotal	\$1,649,000	\$1,174,538	\$1,738,342
18	<i>Research and Development</i>			
19	Solar test yard		\$300,000	
20	AZRISE		\$250,000	
21	Transmission, Distribution, Storage Modeling		\$50,000	
22	Dues and Fees		\$15,000	
23	Subtotal	\$525,000	\$615,000	\$525,000
24	Total Spending	\$34,851,305	\$45,491,775	\$43,841,350
25	Carryover of Previous Year's Funds	-\$4,875,000	-\$4,343,494	-\$4,343,494
26	Total Amount for Recovery	\$29,976,305	\$41,148,281	\$39,497,856

Note: TEP shows the 2012 lost revenue as a separate line item in the 2013 budget. Staff believes that the 2012 lost revenue was intended to be recovered out of the 2012 Legacy budget and thus Staff has removed that separate line item in the 2013 Staff proposed budget. Staff has reflected the lost revenue via a smaller carryover Legacy budget at the end of 2012.

Recovery of Funds Through 2013 REST Charge

62. TEP's proposed caps and per kWh charge are designed to recover TEP's proposed amount of \$41.1 million in 2013 and Staff's proposed caps and per kWh charge are designed to recover Staff's proposed budget of \$39.5 million.