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MEMORANDUM  
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TO: THE COMMISSION

FROM: Utilities Division

AZ CORP COMMISSION  
DOCKET CONTROL

DATE: January 17, 2013

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

Staff provides the following further discussion regarding the Track and Record proposal for evaluating whether utilities have achieved compliance under the Commission’s Renewable Energy Standard and Tariff (“REST”) rules.

A number of stakeholders have filed comments on TEP’s proposed “Track and Record” proposal. In these comments, stakeholders have raised a variety of concerns about TEP’s “Track and Record” proposal. The comments indicate that controversies exist over the “Track and Record” proposal; therefore, the issues related to this proposal and potential alternatives thereto appear to be better suited for a hearing.

Although Staff believes that TEP’s “Track and Record” proposal has merit, Staff understands how some parties may believe that “Track and Record” may be inconsistent with the existing provisions of the REST rules. Because of the number and tenor of the comments, Staff recommends that the “Track and Record” proposal not be adopted at this time, thereby maintaining the status quo.

However, Staff believes that the Track and Record proposal merits serious consideration, and the issue should ultimately be decided by the Commission. At this time, Staff recommends that the Commission act upon all aspects of TEP’s plan except the “Track and Record” proposal. Staff recommends that the Track and Record proposal (as well as alternatives thereto) should be subject to a hearing. The Commission should direct the Hearing Division to schedule a procedural conference, entertain requests for intervention, hold a hearing, and prepare a Recommended Opinion and Order for Commission consideration on the “Track and Record” proposal and potential alternatives.

Arizona Corporation Commission  
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As part of its Track and Record proposal, TEP proposed to count certain 2012 renewable projects that did not receive incentives toward TEP's compliance requirements under the REST rules. This request should be denied. Staff recognizes that TEP's ability to comply with its 2013 REST requirement could be impacted by the Commission's acting on "Track and Record" (or another potential alternative) at a later date. Therefore, TEP may file with the Commission, at an appropriate time, for a remedy if TEP believes that its ability to comply with TEP's 2013 REST requirement has been affected.



Steven M. Olea  
Director  
Utilities Division  
SMO:RGG:lhmvJFW

ORIGINATOR: Robert Gray

THE COMMISSION

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