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BEFORE THE ARIZONA CORPORATION COMMISSION

COMMISSIONERS

- BOB STUMP, Chairman
- GARY PIERCE
- BRENDA BURNS
- BOB BURNS
- SUSAN BITTER SMITH

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 ARIZONA CORPORATION COMMISSION
 PHOENIX, ARIZONA

IN THE MATTER OF THE APPLICATION OF) DOCKET NO. E-01049A-11-0300
 MORENCI WATER & ELECTRIC COMPANY)
 FOR APPROVAL OF A RATE INCREASE.)

IN THE MATTER OF THE APPLICATION OF) DOCKET NO. W-01049A-11-0311
 MORENCI WATER & ELECTRIC COMPANY)
 FOR THE ESTABLISHMENT OF JUST AND)
 REASONABLE RATES FOR ITS ELECTRIC)
 AND WATER DEPARTMENTS.)

**NOTICE OF FILING
 RENEWABLE ENERGY
 STANDARD ADJUSTOR
 MECHANISM
 PROPOSED PLAN OF
 ADMINISTRATION**

Decision No. 73737 (February 20, 2013) approved the new Renewable Energy Standard Adjustor Mechanism (“RESAM”) for Morenci Water and Electric Company (“MWE”). The RESAM replaces the Renewable Energy Standard Surcharge (“RESS”) but will operate in the same manner. Further, the Decision required MWE to file a Plan of Administration for the RESAM – for the Commission’s Utilities Division Staff to review and approve. Accordingly, MWE files its proposed Plan of Administration for the RESAM.

RESPECTFULLY SUBMITTED this 3rd day of April, 2013.

By

Jason D. Gellman
 RUSHKA DEWULF & PATTEN, PLC.
 One Arizona Center
 400 East Van Buren Street, Suite 800
 Phoenix, Arizona 85004

Attorney for Morenci Water & Electric Company

1 Original and 13 copies of the foregoing
2 filed this 3rd day of April, 2013, with:

3 Docket Control
4 Arizona Corporation Commission
5 1200 West Washington Street
6 Phoenix, Arizona 85007

7 Copy of the foregoing hand-delivered
8 this 3rd day of April, 2013 to:

9 Lyn A. Farmer, Esq.
10 Chief Administrative Law Judge
11 Hearing Division
12 Arizona Corporation Commission
13 1200 West Washington Street
14 Phoenix, Arizona 85007

15 Janice M. Alward, Esq.
16 Chief Counsel, Legal Division
17 Arizona Corporation Commission
18 1200 West Washington Street
19 Phoenix, Arizona 85007

20 Steve Olea
21 Director, Utilities Division
22 Arizona Corporation Commission
23 1200 West Washington Street
24 Phoenix, Arizona 85007

25 Brian Bozzo
26 Compliance Enforcement Manager
27 Utilities Division
Arizona Corporation Commission
1200 West Washington Street
Phoenix, AZ 85007

By *Robert Amund*

***Morenci Water and Electric Company (“MWE”)
Renewable Energy Standard Adjustor Mechanism
Plan of Administration***

1. General description.

This document describes the Plan of Administration (“POA”) for Morenci Water and Electric Company’s Renewable Energy Standard Adjustor Mechanism (“RESAM”). The RESAM is the result of Decision No. 73737 (February 20, 2013) and replaces the old Renewable Energy Standard Surcharge (“RESS”) originally approved in Decision No. 70303 (April 24, 2008). The purpose and mechanics of the RESAM remain the same as was approved for the RESS, however. That is, to provide funding to MWE to recover the costs of procuring renewable energy (specifically, the premium for renewable energy) and the costs of providing incentives or “rebates” for distributed renewable energy on customer premises.

2. Determination of the RESAM rate.

The RESAM rate will be determined in one of two ways:

1. As part of MWE’s Implementation Plan filing, as required by the Arizona Corporation Commission’s Renewable Energy Standard Tariff Rules (“REST Rules”) and applicable orders.
2. A separate application MWE submits to specifically request a change in the current RESAM rate and caps for Commission approval when necessary.

The RESAM will operate the same as was intended for the RESS and approved in Decision No. 70303. MWE intends only to recover costs it anticipates incurring to procure renewable energy or to provide incentives for distributed renewable energy facilities sited on customer premises. MWE’s most recent rate and caps to recover costs to procure renewable energy were established in Decision No. 73632 (January 31, 2013), which also approved its REST Plan for 2013 and 2014.

3. RESAM Schedule.

The new RESAM schedule – Sheet No. 33.0 – is attached to this Plan of Administration and replaces all previous versions. It maintains the current rate and caps that were last approved in Decision No. 73632.

4. *RESAM Bank Balance.*

MWE's RESS bank balance will be converted to its RESAM bank balance. MWE will track any over- or under-collections of costs to comply with the REST Rules – and will provide such information to the Commission upon request.

RES TARIFF: RENEWABLE ENERGY STANDARD ADJUSTOR MECHANISM

Applies to: The Morenci Water and Electric Company Service Area
Greenlee and Graham County, Arizona

MWE’s Renewable Energy Standard Adjustor Mechanism (“RESAM”) – which replaces the Renewable Energy Standard Surcharge (“RESS”) originally established in Decision No. 70303 (April 24, 2008) and most recently approved in Decision No. 73632 (January 31, 2013) – applies to all retail electric service. All provisions of the customer’s current applicable rate schedule will apply in addition to this surcharge. MWE will evaluate – from time to time – its program funding requirements. If necessary, the RESAM may be increased if it becomes apparent that more funding is needed for MWE to meet the standards contained within the REST Rules in future years. The Commission must approve any increases to the RESAM. Any change to the RESS amounts will be applied in billing cycle beginning in the month following Commission approval and will not be prorated. The RESAM rates and charges below are in accordance with the Commission Decision No. 73737 (February 20, 2013).

Adjustor:

An RESAM of \$0.004988 per kWh, but capped as follows:

Residential Customers:	\$1.05 per month per service
Non-residential Customers:	\$39.00 per month per service
Non-residential Customers with demand of 3 MW per month for three consecutive months:	\$500.00 per month per service

The RESAM will be shown as a separate item on customer bills. The RESAM is in accordance with the REST Rules, A.A.C. R14-2-1801 through R14-2-1816, which was approved by the Commission in Decision No. 69127 (November 14, 2006).

Effective: March 1, 2013

ISSUED BY:
Roy Archer
Morenci Water and Electric Company
401 Burro Alley
Post Office Box 68
Morenci, Arizona 85540