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BEFORE THE ARIZONA CORPORATION COMMISSION

1
2 BOB STUMP
Chairman
3 GARY PIERCE
Commissioner
4 BRENDA BURNS
Commissioner
5 BOB BURNS
Commissioner
6 SUSAN BITTER SMITH
Commissioner

Arizona Corporation Commission

DOCKETED

MAR 21 2013

DOCKETED BY NR

8 IN THE MATTER OF THE APPLICATION) DOCKET NO. E-01933A-13-0020
9 OF TUCSON ELECTRIC POWER)
10 COMPANY FOR APPROVAL OF REVISED) DECISION NO. 73771
11 PRICING PLAN RIDER-3, MARKET COST)
OF COMPARABLE CONVENTIONAL) ORDER
GENERATION)

12 Open Meeting
13 March 12 and 13, 2013
14 Phoenix, Arizona

15 BY THE COMMISSION:

16 FINDINGS OF FACT

17 1. Tucson Electric Power Company ("TEP" or "Company") is certificated to provide
18 electric service as a public service corporation in the State of Arizona.

19 Background

20 2. On February 1, 2013, TEP filed an application for approval of its revised Pricing
21 Plan Rider-3, Market Cost of Comparable Conventional Generation ("MCCCG") to be used in
22 conjunction with Pricing Plan Rider-4, Net Metering for Certain Partial Requirements Service
23 ("NM-PRS").

24 3. TEP's Pricing Plan Rider-3 specifies a standard rate to be paid for purchases of
25 excess energy from Net Metering Facilities. The last revision of Pricing Plan Rider-3 was
26 approved by the Commission's Decision No. 73085 (April 5, 2012).

27 4. For Net Metering customers, each calendar year, for customer bills produced in
28 October (September usage) or for a customer's "final" bill, the Company credits the customer for

1 any balance of excess kWhs remaining. The payment for the purchase of these excess kWhs is at
2 the Company's applicable avoided cost. TEP has defined its avoided cost as the average hourly
3 market cost of comparable conventional generation as specified on its proposed Pricing Plan
4 Rider-3 applicable to NM-PRS. Rider-3 indicates that the MCCCCG will be filed annually (by
5 February 1) by TEP for approval by the Commission.

6 Proposed Tariff

7 5. TEP's proposed revision to Pricing Plan Rider-3 reflects a lower MCCCCG and
8 therefore decreases the avoided cost rate from 2.5854¢ per kWh to 2.524¢ per kWh for purchases
9 of excess energy from Net Metering Facilities.

10 6. Staff has reviewed TEP's hourly marginal costs that resulted in the 2.524¢ rate and
11 finds the data and calculations to be reasonable.

12 Recommendations

13 7. Staff has recommended that TEP's revised Pricing Plan Rider-3 (MCCCCG) as
14 applicable to Pricing Plan Rider-4 NM-PRS be approved.

15 8. Staff has further recommended that the avoided cost rate of 2.524¢ per kWh should
16 be effective as of April 1, 2013.

17 9. Staff has further recommended that TEP file a Pricing Plan Rider-3 tariff consistent
18 with the Decision in this case within 15 days of the effective date of the Decision.

19 CONCLUSIONS OF LAW

20 1. TEP is an Arizona public service corporation within the meaning of Article XV,
21 Section 2, of the Arizona Constitution.

22 2. The Commission has jurisdiction over TEP and over the subject matter of the
23 application.

24 3. Approval of Pricing Plan Rider-3 does not constitute a rate increase as
25 contemplated by A.R.S. Section 40-250.

26 4. The Commission, having reviewed the application and Staff's Memorandum dated
27 February 25, 2013, concludes that the revised Pricing Plan Rider-3 should be approved as
28 discussed herein.

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ORDER

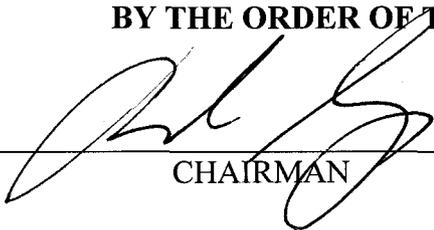
IT IS THEREFORE ORDERED that Tucson Electric Power Company's revised Pricing Plan Rider-3 be and hereby is approved as discussed herein.

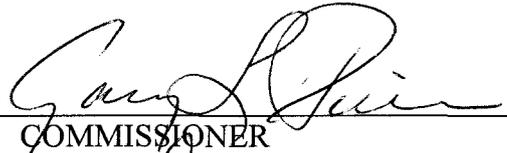
IT IS FURTHER ORDERED that the avoided cost rate of 2.524¢ per kWh shall be effective as of April 1, 2013.

IT IS FURTHER ORDERED that Tucson Electric Power Company shall file a revised tariff consistent with this Decision, with Docket Control as a compliance matter to this docket, within 15 days of the effective date of this Decision.

IT IS FURTHER ORDERED that this Decision shall become effective immediately.

BY THE ORDER OF THE ARIZONA CORPORATION COMMISSION

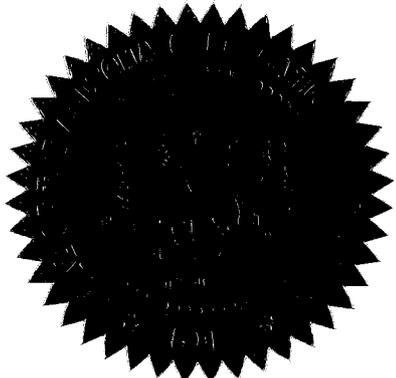

CHAIRMAN


COMMISSIONER


COMMISSIONER


COMMISSIONER


COMMISSIONER



IN WITNESS WHEREOF, I, JODI JERICH, Executive Director of the Arizona Corporation Commission, have hereunto, set my hand and caused the official seal of this Commission to be affixed at the Capitol, in the City of Phoenix, this 21st day of March, 2013.


JODI JERICH
EXECUTIVE DIRECTOR

DISSENT: _____

DISSENT: _____

SMO:JJP:sms\RMM

1 SERVICE LIST FOR: Tucson Electric Power
2 DOCKET NO. E-01933A-13-0020

3 Mr. Bradley S. Carroll
4 Tucson Electric Power Co.
5 88 East Broadway Blvd.
6 P.O. Box 711
7 Tucson, Arizona 85702

8 Mr. Steven M. Olea
9 Director, Utilities Division
10 Arizona Corporation Commission
11 1200 West Washington Street
12 Phoenix, Arizona 85007

13 Ms. Janice M. Alward
14 Chief Counsel, Legal Division
15 Arizona Corporation Commission
16 1200 West Washington Street
17 Phoenix, Arizona 85007

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