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# OPEN MEETING

## MEMORANDUM

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TO: THE COMMISSION

FROM: Utilities Division

**ORIGINAL**

ALL CORP COMMISSION  
DOCKET CONTROL

DATE: October 23, 2014

RE: IN THE MATTER OF UNS ELECTRIC, INC.'S APPLICATION FOR APPROVAL OF ITS 2014 RENEWABLE ENERGY STANDARD IMPLEMENTATION PLAN, DISTRIBUTED ENERGY ADMINISTRATIVE PLAN AND REQUEST FOR RESET OF ITS RENEWABLE ENERGY ADJUSTOR. -- VOLUNTARY SOLAR CONTRIBUTION PROGRAM'S PLAN OF ADMINISTRATION (DOCKET NO. E-04204A-13-0225)

On October 10, 2014, UNS Electric, Inc. ("UNSE" or "Company") filed its proposed Voluntary Solar Contribution Program ("VSC Program") Plan of Administration ("POA"). The VSC Program POA was filed in compliance with Decision No. 74166 (October 25, 2013) Arizona Corporation Commission

### Background

Decision No. 74166.

Decision No. 74166 orders as follows:

"IT IS FURTHER ORDERED that UNS Electric, Inc. shall file by January 7, 2014, a proposed plan or plans of administration for a voluntary contributions program consistent with the requirements set forth herein in the Commission's findings."

Plan of Administration Filing. The Company filed its initial proposed VSC Program POA on January 7, 2014. Subsequent to the filing, the Company communicated with Staff on finalizing the POA and identified a tax-exempt, third-party organization to partner with in administering the VSC Fund. The Company then filed its final proposed VSC POA on October 10, 2014.

### Summary of Voluntary Solar Contribution Program Plan of Administration

General Description. The proposed POA includes a General Description for the VSC Program, stating that it would provide individuals and entities with an opportunity to support Arizona solar resources by voluntarily contributing funds to the Arizona Community Foundation ("ACF"), a tax-exempt third-party independent organization. The funds would be used to install photovoltaic solar panel systems on newly built residential single-family homes constructed by the Arizona chapter of Habitat for Humanity International ("Habitat"). The POA also indicates that VSC Program funds would be separate from those collected through the Commission's mandatory Renewable Energy Standard adjustor.

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Eligibility and Contributions. With respect to eligibility and contributions the proposed POA provides the following:

- Eligibility to contribute would not be limited to UNSE customers;
- Contributions would be made to the Arizona Community Foundation, either through its website or by check;
- Contributions would be held by ACF in a tax-exempt, irrevocable fund<sup>1</sup>;
- Management and administration of the account, including investment, tax reporting, and auditing, will be the responsibility of ACF;
- ACF will provide regular reports to UNSE;
- UNSE will assume any administrative fees for the VSC Program fund; and
- ACF is a tax-exempt 501(c)(3) public charity, and any contributions to the VSC Program fund are tax deductible, subject to Internal Revenue Service limitations. (Contributors should consult a professional tax advisor.)

Distribution of Funds. With respect to the distribution of VSC Program funds, the POA proposes that ACF provide funding to Habitat under the following conditions:

- Any home receiving a solar rooftop system under the VSC Program must be located within the Company's service territory, but will be selected by Habitat without input from either ACF or UNSE. The selected homeowners must also meet Habitat's requirements regarding home ownership and "sweat equity."
- Funds must be sufficient to purchase and/or install a system under warranty and to provide an initial five-year operation and maintenance contract for upkeep of the system.
- ACF would release funds to Habitat under the following conditions: (i) the system must be sized to produce no more than 50% of the expected total connected load of the home, or 3 kW, whichever is smaller; (ii) the roof must be structurally able to support a rooftop system and the system must be oriented south, southwest, or west; and (iii) Habitat must select an Arizona licensed and qualified solar installer to install and maintain the system.

Program Life. The UNSE POA proposes that the VSC Program become effective as of January 1, 2015 and expire December 31, 2016, after 90 days prior notice to the Commission. UNSE may seek successive one-year extensions of the program, also following 90 days prior notice to the Commission. The UNSE POA also proposes that the Company contribute enough to fund one system through Habitat if it appears that contributions will not reach the level required to fund at least one system by the end of the two-year pilot period.

Reporting. The POA proposes to provide VSC Program fund status reports to Commission Staff every six months. A stand-alone report would be provided on October 1, with another report provided on April 1, as part of the annual REST Compliance Report. Reports would include information regarding the number of customers and others making contributions, funds collected in the reporting period, the total funds held, any interest accrued and any expenses.

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<sup>1</sup> ACF invests the funding it holds in a variety of investment vehicles, including equity funds and fixed income funds.

Promotional Materials. UNSE has indicated that it will work with ACF “to create and distribute appropriate low- and no-cost promotional materials for the program.”

**Recommendations**

- Staff recommends that the POA for the VSC Program be modified to reflect that the VSC Program will become effective as of January 1, 2015, and be continued until further action of the Commission.
- Staff recommends that the POA for the VSC Program be modified to reflect that the VSC Program will not terminate after two years, but that the Company will be allowed to file an application requesting to close the program after December 31, 2016.
- Staff recommends, with respect to reporting, that a stand-alone report be filed in Docket Control by October 1, with another report provided by April 1, as part of the annual REST Compliance Report, beginning October 1, 2015.
- Staff recommends that the POA for the VSC Program should be revised to reflect a requirement to report on the following: program promotion, the number of customers and others making contributions during the reporting period, the numbers of system installations (total and during the reporting period), funds collected during the reporting period, the total funds held; any interest, or earnings, accrued; and any expenses. The reports should be filed while the VSC Program is in effect.
- Staff recommends that UNS Electric, Inc. shall file in Docket Control, within 15 days, a Plan of Administration for its Voluntary Solar Contribution that has been revised to comply with this Decision.



Steven M. Olea  
Director  
Utilities Division

SMO:JMK:sms\CHH

ORIGINATOR: Julie McNeely-Kirwan

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BEFORE THE ARIZONA CORPORATION COMMISSION

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

IN THE MATTER OF UNS ELECTRIC,  
 INC'S APPLICATION FOR APPROVAL OF  
 ITS 2014 RENEWABLE ENERGY  
 STANDARD IMPLEMENTATION PLAN,  
 DISTRIBUTED ENERGY  
 ADMINISTRATIVE PLAN AND REQUEST  
 FOR RESET OF ITS RENEWABLE  
 ENERGY ADJUSTOR -- VOLUNTARY  
 SOLAR CONTRIBUTION PROGRAM'S  
 PLAN OF ADMINISTRATION

DOCKET NO. E-04204A-13-0225  
 DECISION NO. \_\_\_\_\_  
ORDER

Open Meeting  
 November 5 and 6, 2014  
 Phoenix, Arizona

BY THE COMMISSION:

FINDINGS OF FACT

1. UNS Electric, Inc. ("UNSE" or "the Company") is certificated to provide electric service as a public service corporation in the State of Arizona.

2. On October 10, 2014, UNSE filed its proposed Voluntary Solar Contribution Program ("VSC Program") Plan of Administration ("POA"). The VSC Program POA was filed in compliance with Decision No. 74166 (October 25, 2013).

Background

3. Decision No. 74166 orders as follows:  
 "IT IS FURTHER ORDERED that UNS Electric, Inc. shall file by January 7, 2014, a proposed plan or plans of administration for a voluntary contributions program consistent with the requirements set forth herein in the Commission's findings."

1           4.     Plan of Administration Filing. The Company filed its initial proposed VSC Program  
2 POA on January 7, 2014. Subsequent to the filing, the Company communicated with Staff on  
3 finalizing the POA and identified a tax-exempt, third-party organization to partner with in  
4 administering the VSC Fund. The Company then filed its final proposed VSC POA on October 10,  
5 2014.

6     Summary of Voluntary Solar Contribution Program Plan of Administration

7           5.     General Description. The proposed POA includes a General Description for the VSC  
8 Program, stating that it would provide individuals and entities with an opportunity to support Arizona  
9 solar resources by voluntarily contributing funds to the Arizona Community Foundation (“ACF”), a  
10 tax-exempt third-party independent organization. The funds would be used to install photovoltaic  
11 solar panel systems on newly built residential single-family homes constructed by the Arizona chapter  
12 of Habitat for Humanity International (“Habitat”). The POA also indicates that VSC Program funds  
13 would be separate from those collected through the Commission’s mandatory Renewable Energy  
14 Standard adjustor.

15           6.     Eligibility and Contributions. With respect to eligibility and contributions the  
16 proposed POA provides the following:

- 17           • Eligibility to contribute would not be limited to UNSE customers;
- 18           • Contributions would be made to the Arizona Community Foundation, either  
19           through its website or by check;
- 20           • Contributions would be held by ACF in a tax-exempt, irrevocable fund <sup>1</sup>
- 21           • Management and administration of the account, including investment, tax  
22           reporting, and auditing, will be the responsibility of ACF.
- 23           • ACF will provide regular reports to UNSE.
- 24           • UNSE will assume any administrative fees for the VSC Program fund.

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<sup>1</sup> ACF invests the funding it holds in a variety of investment vehicles, including equity funds and fixed income funds.

- 1                   • ACF is a tax-exempt 501(c)(3) public charity, and any contributions to the VSC  
2                   Program fund are tax deductible, subject to Internal Revenue Service limitations.  
3                   (Contributors should consult a professional tax advisor.)

4           7.     Distribution of Funds. With respect to the distribution of VSC Program funds, the  
5 POA proposes that ACF provide funding to Habitat under the following conditions:

- 6                   • Any home receiving a solar rooftop system under the VSC Program must be  
7                   located within the Company's service territory, but will be selected by Habitat  
8                   without input from either ACF or UNSE. The selected homeowners must also  
9                   meet Habitat's requirements regarding home ownership and "sweat equity."  
10                  • Funds must be sufficient to purchase and/or install a system under warranty and  
11                  to provide an initial five-year operation and maintenance contract for upkeep of  
12                  the system.  
13                  • ACF would release funds to Habitat under the following conditions: (i) the system  
14                  must be sized to produce no more than 50% of the expected total connected load  
15                  of the home, or 3 kW, whichever is smaller; (ii) the roof must be structurally able  
16                  to support a rooftop system and the system must be oriented south, southwest, or  
17                  west; and (iii) Habitat must select an Arizona licensed and qualified solar installer  
18                  to install and maintain the system.

19           8.     Program Life. The UNSE POA proposes that the VSC Program become effective as  
20 of January 1, 2015 and expire December 31, 2016, after 90 days prior notice to the Commission.  
21 UNSE may seek successive one-year extensions of the program, also following 90 days prior notice to  
22 the Commission.

23           9.     The UNSE POA also proposes that the Company contribute enough to fund one  
24 system through Habitat if it appears that contributions will not reach the level required to fund at least  
25 one system by the end of the two-year pilot period.

26           10.    Reporting. The POA proposes to provide VSC Program fund status reports to  
27 Commission Staff every six months. A stand-alone report would be provided on October 1, with  
28 another report provided on April 1, as part of the annual REST Compliance Report. Reports would

1 include information regarding the number of customers and others making contributions, funds  
2 collected in the reporting period, the total funds held, any interest accrued and any expenses.

3 11. Promotional Materials. UNSE has indicated that it will work with ACF “to create and  
4 distribute appropriate low- and no-cost promotional materials for the program.”

5 Recommendations

- 6 • Staff has recommended that the POA for the VSC Program be modified to reflect  
7 that the VSC Program will become effective as of January 1, 2015, and be  
8 continued until further action of the Commission.
- 9 • Staff has recommended that the POA for the VSC Program be modified to reflect  
10 that the VSC Program will not terminate after two years, but that the Company  
11 will be allowed to file an application requesting to close the program after  
12 December 31, 2016.
- 13 • Staff has recommended, with respect to reporting, that a stand-alone report be  
14 filed in Docket Control by October 1, with another report provided by April 1, as  
15 part of the annual REST Compliance Report, beginning October 1, 2015.
- 16 • Staff has recommended that the POA for the VSC Program should be revised to  
17 reflect a requirement to report on the following: program promotion, the number  
18 of customers and others making contributions during the reporting period, the  
19 numbers of system installations (total and during the reporting period), funds  
20 collected during the reporting period, the total funds held; any interest, or earnings,  
21 accrued; and any expenses. The reports should be filed while the VSC Program is  
22 in effect.
- 23 • Staff has recommended that UNS Electric, Inc. shall file in Docket Control, within  
24 15 days, a Plan of Administration for its Voluntary Solar Contribution that has  
25 been revised to comply with this Decision.

26 CONCLUSIONS OF LAW

27 1. UNS Electric, Inc. is an Arizona public service corporation within the meaning of  
28 Article XV, Section 2, of the Arizona Constitution.



1 IT IS FURTHER ORDERED that the Plan of Administration for the Voluntary Solar  
 2 Contribution Program be modified to reflect a requirement to report on the following: program  
 3 promotion, the number of customers and others making contributions during the reporting period,  
 4 the number of system installations (total and during the reporting period), funds collected during the  
 5 reporting period, the total funds held; any interest or earnings accrued; and any expenses. The reports  
 6 shall be filed while the VSC Program is in effect.

7 IT IS FURTHER ORDERED that UNS Electric, Inc. shall file in Docket Control, within 15  
 8 days of the date of this decision, a Plan of Administration for its Voluntary Solar Contribution that  
 9 has been revised to comply with this Decision.

10 IT IS FURTHER ORDERED that this Order become effective immediately.

11  
 12 **BY THE ORDER OF THE ARIZONA CORPORATION COMMISSION**

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 14 \_\_\_\_\_  
 CHAIRMAN COMMISSIONER  
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 16  
 17 \_\_\_\_\_  
 COMMISSIONER COMMISSIONER COMMISSIONER

18  
 19 IN WITNESS WHEREOF, I, JODI JERICH, Executive  
 20 Director of the Arizona Corporation Commission, have  
 21 hereunto, set my hand and caused the official seal of this  
 Commission to be affixed at the Capitol, in the City of  
 Phoenix, this \_\_\_\_\_ day of \_\_\_\_\_, 2014.

22  
 23 \_\_\_\_\_  
 JODI JERICH  
 24 EXECUTIVE DIRECTOR

25 DISSENT: \_\_\_\_\_

26  
 27 DISSENT: \_\_\_\_\_

28 SMO:JMK:sms\CHH

1 SERVICE LIST FOR: UNS Electric, Inc.  
2 DOCKET NO. E-04204A-13-0225

3 Bradley S. Carroll  
4 UNS Electric, Inc.  
5 88 East Broadway Boulevard  
6 MS HQE910  
7 P.O. Box 711  
8 Tucson, Arizona 85702

9 Michael W. Patten  
10 Roshka DeWulf & Patten, PLC  
11 400 East Van Buren Street, Suite 800  
12 Phoenix, Arizona 85004  
13 Attorneys for UNS Electric

14 Garry D. Hayes  
15 Law Office of Garry D. Hayes, PC  
16 1702 East Highland Ave, Suite 204  
17 Phoenix, Arizona 85016  
18 Attorney for ASDA

19 Mark Holoham, Chairman  
20 Arizona Solar Energy Industries Association  
21 2221 West Lone Cactus Drive, Suite 2  
22 Phoenix, Arizona 85027

23 Mr. Steven M. Olea  
24 Director, Utilities Division  
25 Arizona Corporation Commission  
26 1200 West Washington Street  
27 Phoenix, Arizona 85007

28 Ms. Janice M. Alward  
Chief Counsel, Legal Division  
Arizona Corporation Commission  
1200 West Washington Street  
Phoenix, Arizona 85007