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BEFORE THE ARIZONA CORPORATION COMMISSION

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ARIZONA CORP COMMISSION
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IN THE MATTER OF THE APPLICATION
 OF AJO IMPROVEMENT COMPANY
 FOR APPROVAL OF ITS 2013 AND 2014
 RENEWABLE ENERGY STANDARD TARIFF
 IMPLEMENTATION PLAN

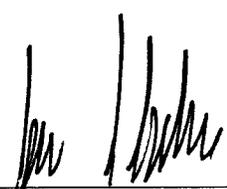
DOCKET NO. E-01025A-12-0280

**NOTICE OF FILING
COMPLIANCE REPORT**

Ajo Improvement Company ("AIC") provides the 2014 Renewable Energy Standard Tariff ("REST") Compliance Report.

RESPECTFULLY SUBMITTED this 1st day of April, 2015.

AJO IMPROVEMENT COMPANY

By 

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Arizona Corporation Commission
DOCKETED

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1 Original and thirteen copies of the foregoing
2 filed this 1st day of April, 2015, 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 1st day of April, 2015, to:

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By *Jaclyn Howard*

Ajo Improvement Company

Renewable Energy Standard and Tariff Compliance Report 2014 Compliance Year

March 2015

RENEWABLE ENERGY STANDARD AND TARIFF PROGRAM REPORT YEAR-END 2014

Introduction

Pursuant to Arizona Administrative Code ("A.C.C.") R14-2-1812, Ajo Improvement Company ("AIC") submits the AIC 2014 Renewable Energy Standard and Tariff Compliance Report. This report relates to the Ajo Improvement Company Renewable Energy Standard Implementation Plan which was approved by the Commission in Decision 73881 dated May 8, 2013.

Summary

The 2013 AIC REST plan was approved by Decision No. 73881 pursuant to A.C.C. R14-2-1813.

AIC 2014 retail sales were 11,232,756 kWh. This results in a renewable requirement of 505,474 kWh, of which 358,832 kWh is the grid-tied requirement and the remaining 151,642 kWh is the distributed requirement. In Decision No. 73881, AIC has been granted a waiver from 2014 compliance with the Distributed Renewable Energy Requirement.

Under Decision No. 73881, AIC suspended collection of the RESS for an additional two years beginning 01 January 2013. In Decision No. 74831 the Commission ordered AIC to reinstate collection of the RESS beginning January 1, 2015 at a lower rate of \$0.004 per kWh.

This report contains information as required by A.C.C. R14-2-1812.

The REST Plan

The 2013 REST plan consists of the following programs:

Procure grid-tied requirements from entities willing to transact at AIC transmission access points.

Incentives programs for 2014 will remain the same as 2013 and be maintained at the 2013 incentive levels.

AIC is faced with circumstances unique to AIC in meeting grid-tied and distributed REST requirements. The challenges in meeting its distributed requirement are well documented and will not be repeated here.

AIC is a distribution only utility, and has no direct access to energy markets where renewable energy can be readily procured. There is no available transmission capacity on a year-around basis to AIC's system from markets where renewable energy is transacted and transmitted.

Because of the well documented challenges that AIC has in meeting its Renewable Energy requirement and the timeframe to install physical generation, AIC planned to use purchased Renewable Energy Credits from Morenci Water & Electric ("MWE") for compliance year 2014. MWE contracted adequate Renewable Energy Credits to meet AIC's compliance, however, MWE's supplier was not able to deliver the 2014 contracted amount of Renewable Energy due to transmission constraints. MWE plans to transfer adequate Renewable Energy Credits in April, 2015 so that AIC can meet its 2014 requirements.

Required Elements pursuant to A.A.C. R14-2-1812

1. Actual kWh of energy or equivalent obtained from Eligible Renewable Energy Resources:

Renewable Energy Source	kWh
Banked Renewable Energy Credits	6,834
Renewable Energy Credits purchased from MWE	0

2. The kWh of energy or equivalent obtained from Eligible Renewable Energy Resources normalized to reflect a full year's production:

Renewable Energy Source	kWh
Renewable Energy Credits purchased from MWE	0

3. The kW of generation capacity, disaggregated by technology type:

Renewable Energy Source	kW
	NA

Generation capacity not available due to the type of transaction between AIC and MWE.

4. Cost information regarding cents per actual kWh of energy obtained from Eligible Renewable Energy Resources and cents per kW of generating capacity, disaggregated by technology type:

Renewable Energy Source	Cents/kWh	Cents/kW
Banked Renewable Energy Credits	4.50	NA
Renewable Energy Credits purchased from MWE	0	NA

5. A breakdown of the Renewable Energy Credits used to satisfy both the Annual Renewable Energy Requirement and the Distributed Renewable Energy Requirement and appropriate documentation of the Affected Utility's receipt of those Renewable Energy Credits:

Annual Renewable Energy Requirement	Annual Renewable Energy Requirement kWh	Distributed Renewable Energy Requirement kWh
Banked Renewable Energy Credits	6,834	0
Renewable Energy Credits purchased from MWE	0	0

6. A description of the Affected Utility's procedures for choosing Eligible Renewable Energy Resources and certification from an independent auditor that those procedures are fair and unbiased and have been appropriately applied.

For the 2014 Compliance year, AIC will purchase the balance of its requirements from MWE. AIC received one offer for renewable energy credits that met all the requirements of the Arizona REST, therefore and independent audit was not performed.

Planned Projects

AIC will continue to aggressively market the distributed renewable energy program to its customers.