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BEFORE THE ARIZONA CORPORATION COMMISSION

COMMISSIONERS

SUSAN BITTER SMITH, CHAIRMAN
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BOB BURNS
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2015 JUN 19 P 12:05

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JUN 19 2015

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IN THE MATTER OF THE APPLICATION OF) DOCKET NO. E-01933A-15-0100
TUCSON ELECTRIC POWER COMPANY FOR)
(1) APPROVAL OF A NET METERING TARIFF)
AND (2) PARTIAL WAIVER OF THE NET)
METERING RULES.)
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**NOTICE OF WITHDRAWAL
OF APPLICATION**

Tucson Electric Power Company, ("TEP" or "the Company"), through undersigned counsel, hereby withdraws its Application in this docket.

TEP filed its Application in this docket on March 25, 2015 in an effort to proactively mitigate the rapidly increasing costs to its customers resulting from accelerating deployment of distributed generation ("DG") systems in its service area. TEP proposed, among other things, an interim measure to reduce the credit paid for excess solar energy from rooftop DG systems to the same amount as it pays for utility scale solar. The lower credit would reduce (but not eliminate) the subsidy provided to DG customers through net metering. TEP requested a hearing on the Application.

Commission Utilities Division Staff ("Staff") moved to dismiss TEP's Application, asserting that the cost shift resulting from DG systems would be better addressed in a rate case, although Staff agreed that the Commission could consider TEP's net metering tariff proposal outside of a rate case. Staff set forth several ratemaking options that could be used to address the cost shift resulting from DG deployment in addition to TEP's proposal. Several other parties also

1 urged the Commission to defer resolution of the net metering tariff proposal to TEP's next rate
2 case.¹

3 In light of Staff's position, as well as the briefing and oral argument on the motion to
4 dismiss, TEP began to assess whether it made sense to accelerate the filing of its next rate case.
5 Although TEP believes there would be a public benefit in mitigating the cost shift now, even if
6 that mitigation is an interim solution, TEP also agrees with Staff that a rate case proceeding
7 provides other ratemaking tools to address the cost shift in addition to modifying the Company's
8 net metering tariff.² Given the procedural posture of the docket, however, the Company does not
9 know whether or when its net metering proposal may be addressed on the merits. Moreover, as
10 with TEP's sister company UNS Electric, if a rate case was forthcoming in the near future, the
11 Company could agree to Staff's recommendation and defer consideration of its net metering
12 proposal to its next rate case.

13 Therefore, TEP is withdrawing the Application in this docket and will be filing a general
14 rate case before the end of 2015. TEP also will be seeking to have its rate case resolved before the
15 end of 2016 given, among other things, the escalating costs to its customers and increasing
16 inequities in the recovery of fixed costs. TEP's rate filing will request that new rates go into effect
17 by January 1, 2017, and intends to propose that its modified net metering tariff apply to DG
18 system applications submitted after 5pm on June 1, 2015. Accordingly, TEP will modify its
19 interconnection application disclaimer to reflect the changed circumstances.

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26 ¹ TEP had not determined when it was going to file its next rate case as of the date of the oral argument.

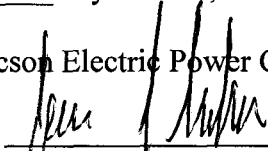
27 ² Although RUCO preferred that the net metering issue be addressed in a rate case, RUCO agreed with the Company that since TEP did not have plans to file a rate case in the near future, that the matter needed to be addressed sooner rather than at some undetermined future time.

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RESPECTFULLY SUBMITTED this 19th day of June, 2015.

Tucson Electric Power Company

By



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Original and thirteen copies of the foregoing
filed this 19th day of June, 2015, with:

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Copy of the foregoing hand-delivered
this 19th day of June, 2015, to:

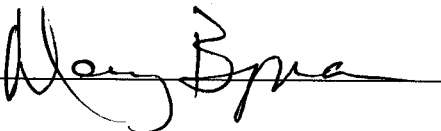
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