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TEP

Tucson Electric Power

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Tucson, Arizona 85702

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May 1, 2015

AZ CORP COMMISSION
DOCKET CONTROL

Docket Control
Arizona Corporation Commission
1200 West Washington Street
Phoenix, AZ 85007

Re: Tucson Electric Power Company's Request for Approval of Rider R-8 Lost Fixed Cost Recovery Tariff, Docket No. E-01933A-12-0291, Decision No. 73912

Pursuant to Arizona Corporation Commission ("Commission") Decision No. 73912 (June 27, 2013) ("Decision") and Section 5 of the approved Plan of Administration for Lost Fixed Cost Recovery ("LFCR") Mechanism, Tucson Electric Power Company ("TEP") hereby files the calculated annual LFCR adjustment. Attachment A shows the LFCR rate and supporting Schedules, which consist of the following: 1) LFCR Annual Percentage Adjustment Rates; 2) LFCR Annual Incremental Cap Calculation; 3) LFCR Calculation; 4) LFCR Test Year Rate Calculation; and 5) Distribution and Transmission Revenue Calculation. See Attachment B for the clean and redlined copy of the TEP Rider R-8 Tariff

TEP is proposing an LFCR rate of 0.8565% for energy efficiency and 0.2770% for distributed generation. Based on an average monthly usage of 762 kWh, TEP estimates that this will result in an increase of approximately \$0.35 on a residential bill. An analysis of the residential customer bill impact is shown in Attachment C.

In accordance with the Decision, included in this filing is the Full Revenue Decoupling Report ("Report"), which reflects what rates would have been for residential, small commercial and large industrial customers, if full revenue decoupling had been approved in this Decision. The Report contains confidential information and is being provided directly to Commission Staff pursuant to the terms of the Protective Agreement executed in this docket.

TEP respectfully requests that the Commission approve the LFCR rate, as shown in Attachment A, for implementation of the rate by July 1, 2015.

If you have any questions, please contact me at (520) 884-3680.

Sincerely,

Melissa Morales
Regulatory Services

cc: Barbara Keene, ACC (Schedules and CD)
Compliance Section, ACC

Arizona Corporation Commission
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ATTACHMENT A

LFCR

Schedules

Tucson Electric Power
 Lost Fixed Cost Recovery Mechanism
 Schedule 1: LFCR Annual Percentage Adjustment Rates

Line No.	(A) Annual Percentage Adjustment	(B) Reference	(C) Totals
<u>Energy Efficiency Related Adjustment</u>			
1	Total Lost Fixed Cost Revenue for Current Period	(Sch 2, Line 15, Col C * Sch 3, Line 55, Col E)	\$ 6,548,760
2	2014 Applicable Company Revenues	Schedule 2, Line 1, Column C	\$ 764,562,435
3	Percentage Adjustment Applied to Customer's Bills for EE	(Line 1 / Line 2)	0.8565%
<u>Distributed Generation Related Adjustment</u>			
4	Total Lost Fixed Cost Revenue for Current Period	(Sch 2, Line 15, Col C * Sch 3, Line 56, Col E)	\$ 2,118,143
5	2014 Applicable Company Revenues	Schedule 2, Line 1, Column C	\$ 764,562,435
6	Percentage Adjustment Applied to Customer's Bills for DG	(Line 4 / Line 5)	0.2770%

Tucson Electric Power
Lost Fixed Cost Recovery Mechanism
Schedule 2: LFCR Annual Incremental Cap Calculation

Line No.	(A) LFCR Annual Incremental Cap Calculation	(B) Reference	(C) Totals
1	2014 Applicable Company Revenues		\$ 764,562,435
2	Allowed Cap %		1.00%
3	Maximum Allowed Incremental Recovery	(Line 1 * Line 2)	\$ 7,645,624
4	Total Lost Fixed Cost Revenue	Schedule 3, Line 57, Column C	\$ 8,985,229
5	Total Deferred Balance from Previous Period	Previous Filing, Schedule 2, Line 13, Column C	\$ -
6	Annual Interest Rate		
7	Interest Accrued on Deferred Balance	(Line 5 * Line 6)	\$ -
8	Total Lost Fixed Cost Revenue Current Period	(Line 4 + Line 5 + Line 7)	\$ 8,985,229
9	Lost Fixed Cost Revenue from Prior Period	Previous Filing, Schedule 2, Line 15, Column C	\$ 5,433,759
10	Lost Fixed Cost Revenue - Billed ¹		\$ 4,895,192
11	LFCR Balancing Account	(Line 9 - Line 10)	\$ 538,567
11a	Prior Period Correction ²		\$ (856,893)
12	Total Incremental Lost Fixed Cost Revenue for Current Year	(Line 8 - Line 9 + Line 11 + Line 11a)	\$ 3,233,144
13	Amount in Excess of Cap to Defer	(Line 12 - Line 3)	\$ -
14	Incremental Period Adjustment as %	[(Line 12 - Line 13) / Line 1]	0.4229%
15	Total Lost Fixed Cost Revenue for Current Period	(Line 8 + Line 11 + Line 11a - Line 13)	\$ 8,666,902

¹ Amount billed to customers for the collection period of August 2014 through June 2015. Collections for March 2015 through June 2015 are estimated based on 2014 revenues during those same months.

² This year's filing includes an adjustment to correct for an issue discovered in the 2014 LFCR filing. The 2014 LFCR filing did not remove test year production when calculating the Lost Fixed Cost Revenue for DG, and we have calculated the impact of this to be \$(856,893).

Tucson Electric Power
Lost Fixed Cost Recovery Mechanism
Schedule 3: LFCR Calculation

Line No.	(A) LFCR Fixed Cost Revenue Calculation	(B) Reference	(C) Totals	(D) Units	(E) Weighting
Residential					
<u>Energy Efficiency Savings</u>					
1	Current Period		97,644,459	kWh	
2	% of Residential Customers choosing fixed-option		0.0%		
3	Excluded kWh reduction	(Line 1 * Line 2)	-	kWh	
4	Net - Current Period	(Line 1 - Line 3)	97,644,459	kWh	
5	Prior Period kWh EE losses	Previous Filing, Schedule 3, Line 6, Column C	86,458,094	kWh	
6	Cumulative Recoverable kWh savings	(Previous Filing, Schedule 3, Line 6, Column C + Line 4)	184,102,552	kWh	
7	Total Recoverable EE Savings	Line 6	184,102,552	kWh	
8	Residential - Lost Fixed Cost Rate	Schedule 4, Line 3, Column C	\$ 0.0308	\$/kWh	
9	Residential - Lost Fixed Cost Revenue Relating to EE	(Line 7 * Line 8)	\$ 5,670,358.62		
<u>Distributed Generation</u>					
10	Current Period		41,328,794	kWh	
11	% of Residential Customers choosing fixed-option		0.0%		
12	Excluded kWh reduction	(Line 10 * Line 11)	-	kWh	
13	Net - Current Period	(Line 10 - Line 12)	41,328,794	kWh	
14	Prior Period kWh DG losses	Previous Filing, Schedule 3, Line 15, Column C	-	kWh	
15	Cumulative Recoverable kWh savings	(Previous Filing, Schedule 3, Line 15, Column C + Line 13)	41,328,794	kWh	
16	Total Recoverable DG Savings	Line 15	41,328,794	kWh	
17	Residential - Lost Fixed Cost Rate	Schedule 4, Line 3, Column C	\$ 0.0308	\$/kWh	
18	Residential - Lost Fixed Cost Revenue Relating to DG	(Line 16 * Line 17)	\$ 1,272,926.86		
Small General Service					
<u>Energy Efficiency Savings</u>					
19	Current Period		19,486,492	kWh	
20	Prior Period kWh EE losses	Previous Filing, Schedule 3, Line 21, Column C	11,652,268	kWh	
21	Cumulative Recoverable kWh savings	(Previous Filing, Schedule 3, Line 21, Column C + Line 19)	31,138,760	kWh	
22	Total Recoverable EE Savings	Line 21	31,138,760	kWh	
23	Small General Service - Lost Fixed Cost Rate	Schedule 4, Line 6, Column C	\$ 0.0314	\$/kWh	
24	Small General Service - Lost Fixed Cost Revenue Relating to EE	(Line 22 * Line 23)	\$ 977,757.05		
<u>Distributed Generation</u>					
25	Current Period		27,606,981	kWh	
26	Prior Period kWh DG losses	Previous Filing, Schedule 3, Line 27, Column C	-	kWh	
27	Cumulative Recoverable kWh savings	(Previous Filing, Schedule 3, Line 27, Column C + Line 25)	27,606,981	kWh	
28	Total Recoverable DG Savings	Line 27	27,606,981	kWh	
29	Small General Service - Lost Fixed Cost Rate	Schedule 4, Line 6, Column C	\$ 0.0314	\$/kWh	
30	Small General Service - Lost Fixed Cost Revenue Relating to DG	(Line 28 * Line 29)	\$ 866,859.20		
Large General Service - Delivery Revenue - Demand					
<u>Energy Efficiency Savings</u>					
31	Current Period		6,978	kW	
32	Prior Period kW EE losses	Previous Filing, Schedule 3, Line 33, Column C	-	kW	
33	Cumulative Recoverable kW savings	(Previous Filing, Schedule 3, Line 33, Column C + Line 31)	6,978	kW	
34	Total Recoverable EE Savings	Line 33	6,978	kW	
35	Large General Service - Lost Fixed Cost Rate	Schedule 4, Line 9, Column C	\$ 2.3901	\$/kW	
36	Large General Service - Lost Fixed Cost Revenue Relating to EE	(Line 34 * Line 35)	\$ 16,677.67		
<u>Distributed Generation</u>					
37	Current Period		6,835	kW	
38	Prior Period kW DG losses	Previous Filing, Schedule 3, Line 39, Column C	-	kW	
39	Cumulative Recoverable kW savings	(Previous Filing, Schedule 3, Line 39, Column C + Line 37)	6,835	kW	
40	Total Recoverable DG Savings	Line 39	6,835	kW	
41	Large General Service - Lost Fixed Cost Rate	Schedule 4, Line 9, Column C	\$ 2.3901	\$/kW	
42	Large General Service - Lost Fixed Cost Revenue Relating to DG	(Line 40 * Line 41)	\$ 16,335.95		
Large General Service - Delivery Revenue					
<u>Energy Efficiency Savings</u>					

Tucson Electric Power
Lost Fixed Cost Recovery Mechanism
Schedule 3: LFCR Calculation

Line No.	(A) LFCR Fixed Cost Revenue Calculation	(B) Reference	(C) Totals	(D) Units	(E) Weighting
43	Current Period		13,009,143	kWh	
44	Prior Period kWh EE losses	Previous Filing, Schedule 3, Line 45, Column C	16,632,623	kWh	
45	Cumulative Recoverable kWh savings	(Previous Filing, Schedule 3, Line 45, Column C + Line 43)	29,641,766	kWh	
46	Total Recoverable EE Savings	Line 45	29,641,766	kWh	
47	Large General Service - Lost Fixed Cost Rate	Schedule 4, Line 12, Column C	\$ 0.0042	\$/kWh	
48	Large General Service - Lost Fixed Cost Revenue Relating to EE	(Line 46 * Line 47)	\$ 124,495.42		
<u>Distributed Generation</u>					
49	Current Period		9,480,418	kWh	
50	Prior Period kWh DG losses	Previous Filing, Schedule 3, Line 51, Column C	-	kWh	
51	Cumulative Recoverable kWh savings	(Previous Filing, Schedule 3, Line 51, Column C + Line 49)	9,480,418	kWh	
52	Total Recoverable DG Savings	Line 51	9,480,418	kWh	
53	Large General Service - Lost Fixed Cost Rate	Schedule 4, Line 12, Column C	\$ 0.0042	\$/kWh	
54	Large General Service - Lost Fixed Cost Revenue Relating to DG	(Line 52 * Line 53)	\$ 39,817.75		
55	Total Lost Fixed Cost Revenue Related to Energy Efficiency	Sum Line 9 + 24 + 36 + 48	\$ 6,789,288.76		Percent of Total 75.56% (Line 55 / Line 57)
56	Total Lost Fixed Cost Revenue Related to Distributed Generation	Sum Line 18 + 30 + 42 + 54	\$ 2,195,939.76		24.44% (Line 56 / Line 57)
57	Total Lost Fixed Cost Revenue	(Line 55 + Line 56)	\$ 8,985,228.52		

Tucson Electric Power
 Lost Fixed Cost Recovery Mechanism
 Schedule 4: LFCR Test Year Rate Calculation

Line No.	(A) LFCR Fixed Cost Calculation	(B) Reference	(C) Totals
Residential Customers			
1	Delivery Revenue	Schedule 5, Line 5, Column F	\$ 111,739,643
2	kWh Billed	Schedule 5, Line 5, Column B	3,627,093,708
3	Lost Fixed Cost Rate	(Line 1 / Line 2)	\$ 0.0308
Small General Service			
4	Delivery Revenue	Schedule 5, Line 8, Column F	\$ 63,186,286
5	kWh Billed	Schedule 5, Line 8, Column B	2,012,114,954
6	Lost Fixed Cost Rate	(Line 4 / Line 5)	\$ 0.0314
Large General Service			
7	Delivery Revenue - Demand	Schedule 5, Line 11, Column F	\$ 8,172,790
8	kWh Billed	Schedule 5, Line 11, Column B	3,419,489
9	Lost Fixed Cost Rate	(Line 7 / Line 8)	\$ 2.3901
Large General Service			
10	Delivery Revenue	Schedule 5, Line 14, Column F	\$ 5,319,772
11	kWh Billed	Schedule 5, Line 14, Column B	1,261,678,481
12	Lost Fixed Cost Rate	(Line 10 / Line 11)	\$ 0.0042

Tucson Electric Power
Lost Fixed Cost Recovery Mechanism
Schedule 5: Delivery Revenue Calculation

(A)	(B)	(C)	(D)	(E)	(F)	
Line No.	Rate Schedule	Adjusted Test Year Billing Determinants	Units	Delivery Charge	Demand Stability Factor	Total Delivery Revenue B x D x E
1	Residential Service (R-01)	3,368,532,306	kWh	\$ 0.0314	100%	\$ 105,811,858
2	Residential Service (R-80)	116,359,255	kWh	\$ 0.0229	100%	\$ 2,664,627
3	Residential Service (R-201AN)	131,427,481	kWh	\$ 0.0230	100%	\$ 3,016,454
4	Residential Service (R-201BN)	10,774,668	kWh	\$ 0.0229	100%	\$ 246,705
5	Subtotal - kWh	3,627,093,708	kWh			\$ 111,739,643
6	Small General Service (GS-10)	1,888,524,435	kWh	\$ 0.0314	100%	\$ 59,326,481
7	Small General Service (SGS-76)	123,590,518	kWh	\$ 0.0312	100%	\$ 3,859,805
8	Subtotal - kWh	2,012,114,954	kWh			\$ 63,186,286
9	Large General Service (LGS-13) - kW	2,719,841	kW	\$ 5.1300	50%	\$ 6,976,392
10	Large General Service (LGS-85) - kW	699,648	kW	\$ 3.4200	50%	\$ 1,196,398
11	Subtotal - kW - Demand	3,419,489	kW			\$ 8,172,790
12	Large General Service (LGS-13)	1,045,063,814	kWh	\$ 0.0049	100%	\$ 5,071,019
13	Large General Service (LGS-85)	216,614,667	kWh	\$ 0.0011	100%	\$ 248,753
14	Subtotal - kWh - Delivery	1,261,678,481	kWh			\$ 5,319,772

CLEAN
Statement of
Charges



Tucson Electric Power

Tucson Electric Power Company

Sixth Revised Sheet No.: 801-2

Superseding Fifth Revised Sheet No. : 801-2

TEP STATEMENT OF CHARGES

Description	Rate	Effective Date	Decision No.
Rider R-6 – Renewable Energy Standard and Tariff Surcharge REST-TS1 Renewable Energy Program Expense Recovery Average price by class: <u>Monthly Cap</u> For Residential Customers: For Small General Service Customers: For Large General Service Customers: For Large Light & Power Customers: For Lighting Customers:	<u>Monthly Cap</u> \$ 3.19 per month \$ 20.77 per month \$ 779.66 per month \$8,000.00 per month \$ 11.71 per month	January 1, 2015	74884
Rider R-8 Lost Fixed Cost Recovery (LFCR) Mechanism – Energy Efficiency Lost Fixed Cost Recovery (LFCR) Mechanism – Distributed Generation	 0.8565% 0.2770%	 Pending	 Pending
Rider R-9 – Environmental Compliance Adjustor (ECA)	\$0.000191 per kWh	May 1, 2015	73912

Filed By: Kentton C. Grant
Title: Vice President of Finance and Rates
District: Entire Electric Service Area

Rate: Statement of Charges
Effective: July 1, 2013
Decision No.: 73912

REDLINE

**Statement of
Charges**



Tucson Electric Power

Tucson Electric Power Company

~~Sixth~~^{Fifth} Revised Sheet No.: 801-2

Superseding ~~Fifth~~^{Fourth} Revised Sheet No.: 801-2

TEP STATEMENT OF CHARGES

Description	Rate	Effective Date	Decision No.
Rider R-6 – Renewable Energy Standard and Tariff Surcharge REST-TS1 Renewable Energy Program Expense Recovery Average price by class:			
<u>Monthly Cap</u>	<u>Monthly Cap</u>		
For Residential Customers:	\$ 3.19 per month	January 1, 2015	74884
For Small General Service Customers:	\$ 20.77 per month		
For Large General Service Customers:	\$ 779.66 per month		
For Large Light & Power Customers:	\$8,000.00 per month		
For Lighting Customers:	\$ 11.71 per month		
Rider R-8			
Lost Fixed Cost Recovery (LFCR) Mechanism – Energy Efficiency	0.41498565%	August 1, 2014	74593
Lost Fixed Cost Recovery (LFCR) Mechanism – Distributed Generation	0.34262770%	Pending	Pending
Rider R-9 – Environmental Compliance Adjustor (ECA)	\$0.000191 per kWh	May 1, 2015	73912

Filed By: Kentton C. Grant
Title: Vice President of Finance and Rates
District: Entire Electric Service Area

Rate: Statement of Charges
Effective: July 1, 2013
Decision No.: 73912

ATTACHMENT C

LFCR

Bill Impacts

TUCSON ELECTRIC POWER COMPANY
 LOST FIXED COST RECOVERY - LFCR EFFECTIVE JULY 2015
 RESIDENTIAL BILL IMPACT

	kWh	Billing Months
Summer kWh	933	5
Winter kWh	640	7
Monthly Weighted Average		762

	Current Rates	Proposed Rates
Summer		
Customer Charge (Single Phase)	\$10.00	\$10.00
<u>Energy Charges</u>		
First 500 kWh	\$0.056200	\$0.056200
501-1,000 kWh	\$0.067200	\$0.067200
1,001-3,500 kWh	\$0.079800	\$0.079800
>3,500	\$0.088200	\$0.088200
<u>Power Supply Charges</u>		
Base Power	\$0.035111	\$0.035111
PPFAC	\$0.006820	\$0.006820
<u>LFCR Charges</u>		
LFCR EE	0.4149%	0.8565%
LFCR DG	0.3126%	0.2770%

Summer	Current	Proposed	\$ Difference	% Difference
	\$10.00	\$10.00	\$0.00	0.00%
Blocks				
500	\$28.10	\$28.10	\$0.00	0.00%
433	\$29.10	\$29.10	\$0.00	0.00%
0	\$0.00	\$0.00	\$0.00	0.00%
0	\$0.00	\$0.00	\$0.00	0.00%
Subtotal	\$106.32	\$106.32	\$0.00	0.00%
	\$32.76	\$32.76	\$0.00	0.00%
	\$6.36	\$6.36	\$0.00	0.00%
Total Summer Bill	\$107.09	\$107.52	\$0.43	0.40%

	Current Rates	Proposed Rates
Winter		
Customer Charge (Single Phase)	\$10.00	\$10.00
<u>Energy Charges</u>		
First 500 kWh	\$0.056200	\$0.056200
501-1,000 kWh	\$0.065200	\$0.065200
1,001-3,500 kWh	\$0.078100	\$0.078100
>3,500	\$0.087100	\$0.087100
<u>Fuel Charges</u>		
Base Power	\$0.031532	\$0.031532
PPFAC	\$0.006820	\$0.006820
<u>LFCR Charges</u>		
LFCR EE	0.4149%	0.8565%
LFCR DG	0.3126%	0.2770%

Winter	Current	Proposed	\$ Difference	% Difference
	\$10.00	\$10.00	\$0.00	0.00%
Blocks				
500	\$28.10	\$28.10	\$0.00	0.00%
140	\$9.13	\$9.13	\$0.00	0.00%
0	\$0.00	\$0.00	\$0.00	0.00%
0	\$0.00	\$0.00	\$0.00	0.00%
Subtotal	\$71.77	\$71.77	\$0.00	0.00%
	\$20.18	\$20.18	\$0.00	0.00%
	\$4.36	\$4.36	\$0.00	0.00%
Total Winter Bill	\$72.29	\$72.58	\$0.29	0.40%
Total Annual	\$1,041.48	\$1,045.66	\$4.18	0.40%
Average Monthly Bill	\$86.79	\$87.14	\$0.35	0.40%