

**ORIGINAL**

**OPEN MEETING**

**MEMORANDUM**



0000170649

RECEIVED

TO: THE COMMISSION  
FROM: Utilities Division  
DATE: May 31, 2016  
RE: IN THE MATTER OF THE APPLICATION OF AJO IMPROVEMENT COMPANY - ELECTRIC DIVISION - FOR A REDUCTION IN THE RENEWABLE ENERGY STANDARD AND TARIFF SURCHARGE (DOCKET NO. E-01025A-16-0073)

Arizona Corporation Commission

**DOCKETED**

**MAY 31 2016**

2016 MAY 31 A 9:13

AZ CORP COMMISSION  
DOCKET CONTROL

DOCKETED BY *KE*

**BACKGROUND**

On March 1, 2016, Ajo Improvement Company ("AIC" or "Company") filed an application for a reduction in the Renewable Energy Standard and Tariff ("REST") surcharge.

Commission Decision No. 75454 (February 11, 2016) granted a waiver of the Annual Renewable Energy Requirement for AIC's REST Plan years 2015 and 2016. Because of the waiver, Decision No. 75454 also reflected a budget reduction for AIC. The REST Plan budget was reduced by \$20,688 for 2015 and by \$24,625 for 2016.

In addition, Decision No. 75454 required AIC to file with the Commission, within 30 days of the effective date of the Decision, an application to reduce the REST surcharge to reflect the budget reduction that the waiver provided. In response, the Company submitted this application to reduce the surcharge from the existing \$0.004 per kilowatt-hour ("kWh") to \$0.000 per kWh.

**ANALYSIS AND RECOMMENDATIONS**

Since Decision No. 75454 reduced AIC's annual REST budget to \$1,000, it is appropriate to reduce the REST surcharge. Staff recommends that AIC's proposed reduction in its REST surcharge from \$0.004 per kWh to \$0.000 per kWh be approved.

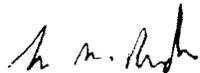
Staff further recommends that AIC should file in Docket Control a revised REST tariff consistent with the Decision in this case, within 30 days of the effective date of the Decision.

THE COMMISSION

May 31, 2016

Page 2

In addition, Staff recommends that, beginning in 2016, AIC file its annual REST compliance reports in a docket to be opened by Staff.



Thomas M. Broderick  
Director  
Utilities Division

TMB:JJP:red\CHH

ORIGINATOR: Jeffrey Pasquinelli

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28

BEFORE THE ARIZONA CORPORATION COMMISSION

- DOUG LITTLE  
Chairman
- BOB STUMP  
Commissioner
- BOB BURNS  
Commissioner
- TOM FORESE  
Commissioner
- ANDY TOBIN  
Commissioner

IN THE MATTER OF THE APPLICATION )  
 OF AJO IMPROVEMENT COMPANY - )  
 ELECTRIC DIVISION - FOR A )  
 REDUCTION IN THE RENEWABLE )  
 ENERGY STANDARD AND TARIFF )  
 SURCHARGE. )

DOCKET NO. E-01025A-16-0073  
 DECISION NO. \_\_\_\_\_  
ORDER

Open Meeting  
 June 14 and June 15, 2016  
 Phoenix, Arizona

BY THE COMMISSION:

FINDINGS OF FACT

1. Ajo Improvement Company ("AIC" or "Company") is certificated to provide electricity as a public service corporation in the state of Arizona.

**Background**

2. On March 1, 2016, AIC filed an application for a reduction in the Renewable Energy Standard and Tariff ("REST") surcharge.

3. Commission Decision No. 75454 (February 11, 2016) granted a waiver of the Annual Renewable Energy Requirement for AIC's REST Plan years 2015 and 2016. Because of the waiver, Decision No. 75454 also reflected a budget reduction for AIC. The REST Plan budget was reduced by \$20,688 for 2015 and by \$24,625 for 2016.

4. In addition, Decision No. 75454 required AIC to file with the Commission, within 30 days of the effective date of the Decision, an application to reduce the REST surcharge to reflect the

1 budget reduction that the waiver provided. In response, the Company submitted this application to  
2 reduce the surcharge from the existing \$0.004 per kilowatt-hour ("kWh") to \$0.000 per kWh.

### 3 **Analysis and Recommendations**

4 5. Since Decision No. 75454 reduced AIC's annual REST budget to \$1,000, it is  
5 appropriate to reduce the REST surcharge. Staff has recommended that AIC's proposed reduction in  
6 its REST surcharge from \$0.004 per kWh to \$0.000 per kWh be approved.

7 6. Staff has further recommended that AIC should file in Docket Control a revised  
8 REST tariff consistent with the Decision in this case, within 15 days of the effective date of the  
9 Decision.

10 7. In addition, Staff has recommended that, beginning in 2016, AIC file its annual REST  
11 compliance reports in a docket to be opened by Staff.

### 12 CONCLUSIONS OF LAW

13 1. Ajo Improvement Company is an Arizona public service corporation within the meaning  
14 of Article XV, Section 2, of the Arizona Constitution.

15 2. The Commission has jurisdiction over Ajo Improvement Company and over the subject  
16 matter of the application.

17 3. The Commission, having reviewed Staff's memorandum dated May 31, 2016, concludes  
18 that it is in the public interest to approve the Ajo Improvement Company Renewable Energy Standard  
19 Tariff surcharge as discussed herein.

### 20 ORDER

21 IT IS THEREFORE ORDERED that Ajo Improvement Company's proposed reduction in  
22 its Renewable Energy Standard and Tariff surcharge from \$0.004 per kWh to \$0.000 per kWh is  
23 approved.

24 IT IS FURTHER ORDERED that Ajo Improvement Company file in Docket Control a  
25 revised REST tariff consistent with the Decision in this case, within 30 days of the effective date of  
26 the Decision.

27 ...

28 ...

1 IT IS FURTHER ORDERED that, beginning in 2016, Ajo Improvement Company file its  
2 annual REST compliance reports in a docket to be opened by Staff.

3 IT IS FURTHER ORDERED that this Decision shall become effective immediately.  
4

5  
6 **BY THE ORDER OF THE ARIZONA CORPORATION COMMISSION**  
7

8 \_\_\_\_\_  
CHAIRMAN

COMMISSIONER

9  
10  
11 \_\_\_\_\_  
COMMISSIONER

COMMISSIONER

COMMISSIONER

12  
13 IN WITNESS WHEREOF, I, JODI JERICH, Executive  
14 Director of the Arizona Corporation Commission, have  
15 hereunto, set my hand and caused the official seal of this  
16 Commission to be affixed at the Capitol, in the City of  
17 Phoenix, this \_\_\_\_\_ day of \_\_\_\_\_, 2016.

18 \_\_\_\_\_  
JODI JERICH  
19 EXECUTIVE DIRECTOR

20 DISSENT: \_\_\_\_\_

21  
22 DISSENT: \_\_\_\_\_

23 TMB:JJP:red/CHH  
24  
25  
26  
27  
28

1 SERVICE LIST FOR: Ajo Improvement Company  
2 DOCKET NO. E-01025A-16-0073

3 Mr. Jason D. Gellman  
4 Snell & Wilmer, LLP  
5 One Arizona Center  
6 400 East Van Buren Street, Suite 1900  
7 Phoenix, Arizona 85004

8 Mr. Thomas M. Broderick  
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

18 Mr. Dwight Nodes  
19 Chief Administrative Law Judge, Hearing Division  
20 Arizona Corporation Commission  
21 1200 West Washington Street  
22 Phoenix, AZ 85007

23  
24  
25  
26  
27  
28