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BEFORE THE ARIZONA CORPORATION COMMISSION

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

Arizona Corporation Commission

DOCKETED

AUG 05 2016

DOCKETED BY 

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IN THE MATTER OF THE APPLICATION
OF TUCSON ELECTRIC POWER
COMPANY FOR APPROVAL OF A
CREDITING MECHANISM RELATIVE TO
GENERATION CHARGES FOR SEVERAL
CUSTOMERS RECEIVING AN
ALLOCATION FROM THE ARIZONA
POWER AUTHORITY.

DOCKET NO. E-01933A-16-0122

DECISION NO. 75689

ORDER

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Open Meeting
July 12 and 13, 2016
Phoenix, Arizona

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BY THE COMMISSION:

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FINDINGS OF FACT

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1. Tucson Electric Power Company ("TEP") is engaged in providing electric power within portions of Arizona, pursuant to authority granted by the Arizona Corporation.
2. On April 8, 2016, TEP filed an application for approval for TEP to provide a bill credit for customers who have received an allocation of hydro power from the Arizona Power Authority ("APA"). These credits are necessary to accommodate allocations of preference power made available from Hoover Dam.
3. APA is the state agency responsible for coordinating the preference power for the state. The Hoover Power Plant Act of 1984 allocated pools of capacity and energy to APA for the period of June 1, 1987, through September 30, 2017. In 2014, the Western Area Power Administration awarded additional allocations of preference power from Hoover Dam directly to various wholesale and retail customers ("Post-2017 Allocation Process"). Two existing TEP customers, Oro Valley

1 Water Utility ("OVW") and Metropolitan Domestic Water Improvement District ("MDWID"), did
2 not have prior allocations but were awarded allocations in the Post-2017 Allocation Process.

3 4. In order to finalize their allocations with the APA, OVW and MDWID must validate
4 that they can utilize their allocations for load. APA must have delivery commitments from its
5 participants by October 2016. OVW and MDWID approached TEP in conjunction with APA to
6 determine how they would be able to take advantage of their allocation in TEP's service territory. The
7 parties agreed that the proposed crediting mechanism would work for all participants.

8 5. Under the proposed bill credit, TEP would provide monthly bill credits for the
9 kilowatt-hours ("kWh") received under APA's allocations at TEP's base power supply charge
10 contained on TEP's water pumping tariff in effect at the time of the bill. As a result, the participants
11 would not pay TEP's Base Power Supply Charge for the portion of energy allocated from APA.

12 6. TEP has requested that the proposed crediting mechanism become effective on the
13 first month in which the participants receive their allocations from the APA. The allocations for
14 OVW and MDWID are not expected to occur until 2017 when the Post-2017 Allocation Process
15 becomes effective. In order for the participants to be able to finalize their agreements with the
16 Authority prior to October of this year, TEP has requested that the Commission approve its
17 application by August 1, 2016.

18 7. The impact on TEP's retail revenues from the proposed credit would be revenue
19 neutral. The credit would only impact the Base Power Supply Charge that the participant normally
20 would pay. When the participant receives energy from APA in a given month, TEP would substitute
21 the participant's allocated energy for energy that TEP would otherwise generate or procure for the
22 participant. The allocations to each participant would meet only a small portion of their individual
23 generation purchases each month.

24 8. Staff has recommended approval of the proposed bill credit mechanism for customers
25 receiving preference power from APA.

26 CONCLUSIONS OF LAW

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

1 2. The Commission has jurisdiction over TEP and over the subject matter of the
2 application.

3 3. The Commission, having reviewed the application and Staff's Memorandum dated
4 June 28, 2016, concludes that it is in the public interest to approve the proposed bill credit mechanism
5 for customers receiving preference power from APA.

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ORDER

IT IS THEREFORE ORDERED that Tucson Electric Power Company's proposed bill credit mechanism for customers receiving preference power from Arizona Power Authority is approved.

IT IS FURTHER ORDERED that the proposed bill credit mechanism shall become effective on the first month in which the participants receive their allocations from the Arizona Power Authority.

IT IS FURTHER ORDERED that this Order shall take effect immediately.

BY THE ORDER OF THE ARIZONA CORPORATION COMMISSION

[Handwritten signature of J.B. Little]

CHAIRMAN LITTLE

[Handwritten signature of Commissioner Stump]

COMMISSIONER STUMP

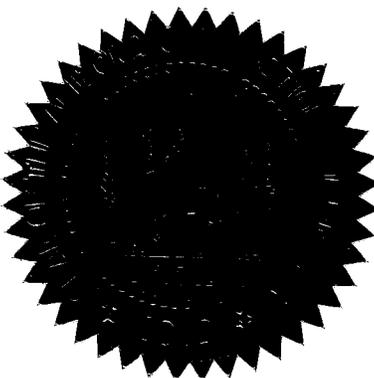
[Handwritten signature of Commissioner Forese]

COMMISSIONER FORESE

[Handwritten signature of Commissioner Tobin] *[Handwritten signature of Commissioner Burns]*

COMMISSIONER TOBIN

COMMISSIONER BURNS



IN WITNESS WHEREOF, I, JODI A. JERICH, Executive Director of the Arizona Corporation Commission, have hereunto, set my hand and caused the official seal of this Commission to be affixed at the Capitol, in the City of Phoenix, this 5th day of August, 2016.

[Handwritten signature of Jodi A. Jerich]

JODI A. JERICH
EXECUTIVE DIRECTOR

DISSENT: _____

DISSENT: _____

TMB:JJP:nr/RRM

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