

ORIGINAL



MEMORANDUM

TO: Parties of Tucson Electric Power Company (TEP)
Rate Case (15-0322)

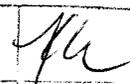
FROM: Thomas M. Broderick
Director
Utilities Division

DATE: September 23, 2016

RE: **WHITE MOUNTAIN SOLAR FACILITY;** DOCKET NOS. E-01933A-15-
0322 AND E-01933A-15-0239

Arizona Corporation Commission
DOCKETED

SEP 23 2016

DOCKETED BY 

Dear Parties:

Thank you for your efforts in the on-going TEP rate case and it appears that today is the last day of hearing. Staff is appreciative of the Settlement Agreement and the continuing efforts to support it.

In the on-going Value of Solar docket (14-0023), Staff first became aware of production performance issues with TEP's White Mountain solar facility co-located at the Springerville Generating Station and, being a recent plant addition (\$43 million), is being considered for the first time in this rate case. Staff witness Mr. Yue Liu discussed White Mountain in his August 26, 2016 Surrebuttal Testimony.

Staff's support for inclusion of the White Mountain facility in rates in the Settlement Agreement is predicated on representations and continuing assurances by TEP personnel that the issues (i.e., low production, warranty related significant equipment failure and replacement) regarding this facility are being addressed and will continue to be resolved.

Staff continues to have discussions with TEP about White Mountain and has received a significant amount of data through discovery that it continues to review. Staff remains comfortable with this facility's present treatment to include in rates in the Settlement Agreement. However, I recommend that Staff continue to monitor the performance of this facility in the future and Staff should make appropriate recommendations in TEP's next rate case including consideration of a plant adjustment.

Thank you and regards,

Thomas M. Broderick

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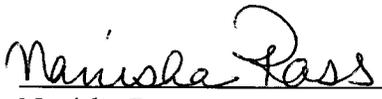
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