TO: THE COMMISSION
FROM: Utilities Division
DATE: January 22, 2019


SUBJECT: TUCSON ELECTRIC POWER COMPANY’S REQUEST FOR CLOSURE OF THE VOLUNTARY SOLAR CONTRIBUTION PROGRAM.

INTRODUCTION

Enclosed are the Commission Staff's memorandum and proposed order for In the Matter of the Application of Tucson Electric Power Company for Approval of its 2014 Renewable Energy Standard Implementation Plan, Distributed Energy Administrative Plan and Request for Reset of its Renewable Energy Adjustor (Docket No. E-01933A-13-0224). This is only a Staff recommendation to the Commission; it has not yet become an order of the Commission. The Commission can decide to accept, amend or reject Staff's proposed order.

You may file comments to the recommendation(s) of the proposed order by filing an original and thirteen (13) copies of the comments with the Commission’s Docket Control Center at 1200 West Washington Street, Phoenix, Arizona 85007 by 4:00 p.m. on or before February 1, 2019.

This matter may be scheduled for Commission deliberation at its Open Meetings scheduled on February 5, 2019, at 10:00 am and February 6, 2019, at 10:00 am.

If you have any questions about this matter, please contact Beatrice Deezua of our Staff at (602) 542-6035, or Elijah Abinah, Director, at (602) 542-6935.
BACKGROUND

On November 21, 2018, Tucson Electric Power Company ("TEP" or "Company") filed an application with the Arizona Corporation Commission ("Commission") seeking approval for closure of its Voluntary Solar Contribution Program ("VSCP").

TEP was ordered to create a VSCP in Decision No. 74165 (October 25, 2013). In compliance with Decision No. 74165, TEP filed its proposed VSCP Plan of Administration ("POA"). After Staff review, and subsequent changes were made, the final draft of the VSCP POA was approved by the Commission in Decision No. 74821 (November 13, 2014). The VSCP POA became effective January 1, 2015.

In compliance with Decision No. 74821, TEP’s approved POA for the VSCP states, “The VSCP is effective January 1, 2015 and will continue until further order of the Commission. The Company may file an application requesting to terminate the VSCP after December 31, 2016, if the Company determines that the VSCP is not successful.”

PROGRAM DESCRIPTION

General Description

The VSCP provides individuals and entities an opportunity to support Arizona solar resources by voluntarily contributing funds to the Arizona Community Foundation ("ACF"), a tax-exempt, third-party independent organization. The funds are used to install solar photovoltaic systems on newly built residential single-family homes constructed by the Arizona chapters of Habitat for Humanity International ("Habitat") on Habitat homes for TEP customers. These funds are separate from the funds collected through the Commission’s mandatory Renewable Energy Standard ("RES") adjustor and Tariff charges.

Eligibility

Any individual, customer, ratepayer, stakeholder, entity, or member of the general public may make voluntary contributions to the VSCP. Participation is not limited to TEP customers. Donations can be made through the ACF’s website.

Contribution of Funds

Contributions are held by ACF in a tax-exempt, irrevocable fund. Management and administration of the account, including investments of assets, tax reporting, and auditing, is the responsibility of ACF. ACF provides regular reports of fund activity to TEP. TEP assumes any administrative fees for the VSCP fund.
Distribution of Funds

Funds are released to Habitat by ACF to be used to place a rooftop system on a newly built Habitat home. Habitat selects recipients of the home and the rooftop system without input from either ACF or TEP, except that any home receiving a solar rooftop system under this program must be located within the service territory of TEP. Funds must be sufficient to purchase and/or install a system under warranty and to provide an initial five-year operation and maintenance contract for upkeep of the system.

Reporting

TEP provides VSCP fund status reports to Staff every six months. Reports are provided on October 1 (as a stand-alone status report) and on April 1 (as part of the annual RES Compliance Report).

PROGRAM PROMOTION

TEP markets the VSCP to the public with the outward facing name “Voluntary Solar Contribution Program”.

According to TEP, the Company has promoted the VSCP through a variety of communication channels including community events, newsletters, social media and a dedicated website for the program.

PROGRAM PARTICIPATION

The only contribution to the VSCP was made in December of 2014. This was a contribution of $25,500 to a single Fund called the TEP and UNS Electric, Inc. (“UNSE”) Voluntary Solar Program Fund (the “Fund”) by TEP and UNSE. The Fund was Managed by ACF on behalf of TEP and UNSE. Currently, there is a Fund balance of $24,684.91 in the VSCP. If the VSCP is closed, TEP proposes donating the remaining balance to Habitat.

TEP does not believe future contributions to the VSCP will reach a level necessary to fund another solar rooftop system. Additionally, as shown by the most recent VSCP Report filed on September 28, 2018, no contributions have been made by another company or any member of the general public. The fund balance initially contributed by TEP and UNSE is from its shareholders, not ratepayers.

PROGRAM EXPENSES

The total annual administrative costs were $500 in 2017 to maintain an online donation page on ACF’s website and will be $750 in 2018. The fees are deducted monthly from the fund balance.
According to TEP, approximately one to two hours per year is spent preparing the annual compliance filing with the Commission. Other than the outreach efforts and marketing events in 2014 and 2015, very minimal time is spent managing the VSCP.

STAFF ANALYSIS

At this time, Staff believes that it is appropriate to close the VSCP. The lack of participation by the general public, despite marketing efforts displayed by TEP, shows that contributions to the VSCP will not reach a level necessary to fund a solar rooftop system.

As proposed by TEP, Staff believes the remaining accumulated funds should be donated to Habitat.

STAFF RECOMMENDATIONS

- Staff recommends closure of the VSCP.
- Staff recommends that TEP no longer provide VSCP stand-alone status reports to Staff, filed annually on October 1.
- Staff recommends that TEP no longer provide VSCP status reports as part of the RES Compliance Report, filed annually on April 1.
- Staff recommends that TEP donate the remaining balance of the VSCP fund to Habitat.

Elijah O. Abinah
Director
Utilities Division

EOA:BD: elr\MAS

ORIGINATOR: Beatrice Deezua-Contractor
On this 22nd day of January, 2019, the foregoing document was filed with Docket Control as a Utilities Division Memorandum & Proposed Order, and copies of the foregoing were mailed on behalf of the Utilities Division to the following who have not consented to email service. On this date or as soon as possible thereafter, the Commission’s eDocket program will automatically email a link to the foregoing to the following who have consented to email service.

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Consented to Service by Email

By:

[Signature]
Edna Luna-Reza
Administrative Support Specialist
BEFORE THE ARIZONA CORPORATION COMMISSION

ROBERT "BOB" BURNS
Chairman

ANDY TOBIN
Commissioner

BOYD DUNN
Commissioner

SANDRA D. KENNEDY
Commissioner

JUSTIN OLSON
Commissioner

DOCKET NO. E-01933A-13-0224

DECISION NO. __________

ORDER

IN THE MATTER OF THE APPLICATION
OF TUCSON ELECTRIC POWER
COMPANY FOR APPROVAL OF ITS 2014
RENEWABLE ENERGY STANDARD
IMPLEMENTATION PLAN, DISTRIBUTED
ENERGY ADMINISTRATIVE PLAN AND
REQUEST FOR RESET OF ITS
RENEWABLE ENERGY ADJUSTOR.

TUCSON ELECTRIC POWER
COMPANY'S REQUEST FOR
CLOSURE OF THE VOLUNTARY
SOLAR CONTRIBUTION PROGRAM.

Open Meeting
February 5 and 6, 2019.
Phoenix, Arizona

BY THE COMMISSION:

FINDINGS OF FACT

1. Tucson Electric Power Company ("TEP" or "Company") is certificated to provide
electric service as a public service corporation in the State of Arizona.

Background

2. On November 21, 2018, TEP filed an application with the Arizona Corporation
Commission ("Commission") seeking approval for closure of its Voluntary Solar Contribution
Program ("VSCP").

3. TEP was ordered to create a VSCP in Decision No. 74165 (October 25, 2013). In
compliance with Decision No. 74165, TEP filed its proposed VSCP Plan of Administration
("POA"). After Staff review, and subsequent changes were made, the final draft of the VSCP POA
was approved by the Commission in Decision No. 74821 (November 13, 2014). The VSCP POA
became effective January 1, 2015.
4. In compliance with Decision No. 74821, TEP’s approved POA for the VSCP states, “The VSCP is effective January 1, 2015 and will continue until further order of the Commission. The Company may file an application requesting to terminate the VSCP after December 31, 2016, if the Company determines that the VSCP is not successful.”

**Program Description**

**General Description**

5. The VSCP provides individuals and entities an opportunity to support Arizona solar resources by voluntarily contributing funds to the Arizona Community Foundation ("ACF"), a tax-exempt, third-party independent organization. The funds are used to install solar photovoltaic systems on newly built residential single-family homes constructed by the Arizona chapters of Habitat for Humanity International ("Habitat") on Habitat homes for TEP customers. These funds are separate from the funds collected through the Commission’s mandatory Renewable Energy Standard ("RES") adjustor and Tariff charges.

**Eligibility**

6. Any individual, customer, ratepayer, stakeholder, entity, or member of the general public may make voluntary contributions to the VSCP. Participation is not limited to TEP customers. Donations can be made through the ACF’s website.

**Contribution of Funds**

7. Contributions are held by ACF in a tax-exempt, irrevocable fund. Management and administration of the account, including investments of assets, tax reporting, and auditing, is the responsibility of ACF. ACF provides regular reports of fund activity to TEP. TEP assumes any administrative fees for the VSCP fund.

**Distribution of Funds**

8. Funds are released to Habitat by ACF to be used to place a rooftop system on a newly built Habitat home. Habitat selects recipients of the home and the rooftop system without input from either ACF or TEP, except that any home receiving a solar rooftop system under this program must be located within the service territory of TEP. Funds must be sufficient to purchase and/or install a system under warranty and to provide an initial five-year operation and maintenance contract for
PROGRAM PROMOTION

10. TEP markets the VSCP to the public with the outward facing name “Voluntary Solar Contribution Program”.

11. According to TEP, the Company has promoted the VSCP through a variety of communication channels including community events, newsletters, social media and a dedicated website for the program.

PROGRAM PARTICIPATION

12. The only contribution to the VSCP was made in December of 2014. This was a contribution of $25,500 to a single Fund called the TEP and UNS Electric, Inc. ("UNSE") Voluntary Solar Program Fund (the “Fund”) by TEP and UNSE. The Fund was Managed by ACF on behalf of TEP and UNSE. Currently, there is a Fund balance of $24,684.91 in the VSCP. If the VSCP is closed, TEP proposes donating the remaining balance to Habitat.

TEP does not believe future contributions to the VSCP will reach a level necessary to fund another solar rooftop system. Additionally, as shown by the most recent VSCP Report filed on September 28, 2018, no contributions have been made by another company or any member of the general public. The fund balance initially contributed by TEP and UNSE is from its shareholders, not ratepayers.

PROGRAM EXPENSES

13. The total annual administrative costs were $500 in 2017 to maintain an online donation page on ACF’s website and will be $750 in 2018. The fees are deducted monthly from the fund balance.

...
14. According to TEP, approximately one to two hours per year is spent preparing the annual compliance filing with the Commission. Other than the outreach efforts and marketing events in 2014 and 2015, very minimal time is spent managing the VSCP.

STAFF ANALYSIS

15. At this time, Staff believes that it is appropriate to close the VSCP. The lack of participation by the general public, despite marketing efforts displayed by TEP, shows that contributions to the VSCP will not reach a level necessary to fund a solar rooftop system.

16. As proposed by TEP, Staff believes the remaining accumulated funds should be donated to Habitat.

STAFF RECOMMENDATIONS

a. Staff recommends closure of the VSCP.

b. Staff recommends that TEP no longer provide VSCP stand-alone status reports to Staff, filed annually on October 1.

c. Staff recommends that TEP no longer provide VSCP status reports as part of the RES Compliance Report, filed annually on April 1.

d. Staff recommends that TEP donate the remaining balance of the VSCP fund to Habitat.

CONCLUSIONS OF LAW

1. Tucson Electric Power Company is an Arizona public service company within the meaning of Article XV, Section 2, of the Arizona Constitution.

2. The Commission has jurisdiction over Tucson Electric Power Company and over the subject matter of the application.

3. The Commission, having reviewed Tucson Electric Power Company’s application and Staff Memorandum dated January 22, 2019, concludes that it is in the public interest to approve Tucson Electric Power Company’s request for closure of the Voluntary Solar Contribution Program as discussed herein.

...
ORDER

IT IS THEREFORE ORDERED that Tucson Electric Power Company’s request for closure of the Voluntary Solar Contribution Program be approved.

IT IS FURTHER ORDERED that Tucson Electric Power Company will no longer provide Voluntary Solar Contribution Program stand-alone status reports to Commission Staff filed annually on October 1.

IT IS FURTHER ORDERED that Tucson Electric Power Company no longer provide Voluntary Solar Contribution Program status reports as part of the Renewable Energy Standard Compliance Report filed annually on April 1.

IT IS FURTHER ORDERED that Tucson Electric Power Company donate the remaining balance of the Voluntary Solar Contribution Program fund to Habitat for Humanity.

...
IT IS FURTHER ORDERED that Tucson Electric Power Company shall file, with Docket Control, as a compliance item, a new Tariff consistent with this Decision, within 15 days of the effective date of this Decision.

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

BY THE ORDER OF THE ARIZONA CORPORATION COMMISSION

CHAIRMAN BURNS

COMMISSIONER DUNN

COMMISSIONER TOBIN

COMMISSIONER KENNEDY

COMMISSIONER OLSON

IN WITNESS WHEREOF, I, MATTHEW J. NEUBERT, 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 _____ day of ______________ , 2019.

MATTHEW J. NEUBERT
EXECUTIVE DIRECTOR

DISSENT:

DISSENT:

EOA:BD:elr/MAS

Decision No. ____________
Tucson Electric Power Company
Docket No. E-01933A-13-0224

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Decision No. ___________