



ARIZONA CORPORATION COMMISSION

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Corporation Commission Approves Renewable Energy Proposals for Arizona's Utility Companies

PHOENIX, AZ—The Arizona Corporation Commission (ACC) today approved proposals from APS and a number of other Arizona's utility companies on their 2008 Renewable Energy Standard and Tariff (REST) Implementation plans.

In 2006, the Commission ruled that regulated electric utilities must generate 15 percent of their energy from renewable resources by 2025. Each year going forward, the utility companies are required to file annual implementation plans describing how they will comply with the REST rules and funding requirements to do so. This is the first year that these plans have been submitted. The proposals include incentives for customers who install solar energy technologies for their own homes and businesses. For 2008, utilities must reach a goal of 1.75 percent of their energy generation from renewable resources.

The Commission's Renewable Energy Standards encourage utilities to use solar, wind, biomass, biogas, geothermal and other similar technologies to generate "clean" energy to power Arizona's future.

"By approving the REST plans for APS, TEP, and UNS Electric today, the ACC continues to implement its policy of promoting renewable energy," said **Commissioner Bill Mundell**. "As the costs of fossil fuels continue to rise, it becomes even more important that Arizona remain a leader in renewable energy, particularly solar, considering our state has more than 300 days of sunshine per year."

"Our nation needs more power at an affordable price," said **Commissioner Jeff Hatch-Miller**. "These decisions will propel Arizona forward so that we will have all the electricity we need."

"These Renewable Energy Implementation Plans will help make solar panels more affordable for Arizonans and ultimately they will bring down utility rates across this state," **Commissioner Kris Mayes** said. "Arizona just jumped to the forefront of states in the effort to advance the use of renewable energy."

"My votes were based on enforcing the REST rules," said **Chairman Mike Gleason**. "When it appeared that there would be insufficient funding for compliance, I had to vote 'no.'"

Commissioner Gary Pierce said, "With regret, I voted no on three of the five REST implementation plans that the Commission approved today. I support renewable energy, and I believe that a portion of our renewable energy should come from distributed generation (DG). What I do not support is an artificial requirement that 50 percent of DG must come off residential rooftops and 50 percent must come off commercial rooftops. I am aware of no public policy reason why I should care whether electricity is generated on the roof of my neighbor's house versus the roof of the Dairy Queen across the street. As it currently stands, residential DG is much more expensive than commercial DG. By refusing to relax the fifty-fifty/residential-commercial DG requirement, my colleagues drove up the cost of three REST implementation plans to a number I could not support."

Arizona Public Service (APS): Passed by a vote of 4-1, with Pierce dissenting—will increase the company's 2008 RES adjustor rate from \$0.0012/ KWh to \$0.003288/ KWh, resulting in a total increase of \$13.3 million. For a residential customer using 1175 KWh, this means a monthly bill increase by \$0.88, or 0.7 percent.

Tucson Electric Power (TEP): Passed by a vote of 3-2, with Gleason and Pierce dissenting. The Commission approved its staff recommended plan, with a cost of 15.58 million. The plan allows a \$3.00 per Watt Solar rebate, a rate of \$.004988 per kWh and monthly caps of \$2.00 for residential customers.

UNS Electric, Inc.: Passed by a vote of 3-2, with Gleason and Pierce dissenting. The Commission also approved its staff recommendation, with a cost of 3.15 million. This plan also includes a \$3.00 per Watt Solar rebate, a rate of \$.004988 per kWh and monthly caps of \$2.00 for residential customers.

The Ajo Improvement and Morenci Water and Electric Companies also had implementation plans approved, each by a vote of 5-0. Though neither company has plans to construct its own renewable generation, they will purchase energy generated from renewable resources. The companies will also offer incentive payments to customers to install Distributed Renewable Energy Resources.

Navopache Electric Cooperative (NEC), which passed by a vote of 5-0, will use a combination of existing infrastructure and renewable energy credits to comply with the requirements of the REST rules. NEC has four photovoltaic systems and five of its members have installed photovoltaic systems and will seek to begin a net metering program with these systems when authorized. NEC entered into an agreement to purchase renewable energy credits from Industrial Solar Technology Corp. and has had discussion with other providers of wind and solar energy to enter into further agreements.

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