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AZ CORP COMMISSION  
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IN THE MATTER OF THE APPLICATION  
OF AJO IMPROVEMENT COMPANY  
FOR APPROVAL OF ITS 2013 AND 2014  
RENEWABLE ENERGY STANDARD TARIFF  
IMPLEMENTATION PLAN

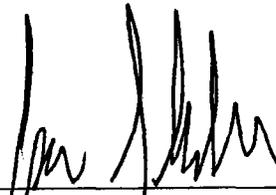
DOCKET NO. E-01025A-12-0280

**NOTICE OF FILING  
COMPLIANCE REPORT**

Ajo Improvement Company ("AIC") provides the redacted version of the 2013 Renewable Energy Standard Tariff ("REST") Compliance report. The full un-redacted version will be provided to Arizona Corporation Commission Utilities Division Staff pursuant to a protective agreement and A.R.S. § 40-204(C).

RESPECTFULLY SUBMITTED this 1<sup>st</sup> day of April, 2014.

AJO IMPROVEMENT COMPANY

By   
 Jason D. Gelfman  
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Arizona Corporation Commission

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1 Original and thirteen copies of the foregoing  
2 filed this 1<sup>st</sup> day of April, 2014, with:

3 Docket Control  
4 ARIZONA CORPORATION COMMISSION  
5 1200 West Washington Street  
6 Phoenix, Arizona 85007

7 Copy of the foregoing hand-delivered  
8 this 1<sup>st</sup> day of April, 2014, to:

9 Lyn A. Farmer, Esq.  
10 Chief Administrative Law Judge  
11 Hearing Division  
12 ARIZONA CORPORATION COMMISSION  
13 1200 West Washington Street  
14 Phoenix, Arizona 85007

15 Janice Alward, Esq.  
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By *Rebekah Amador*

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# **Ajo Improvement Company**

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## **Renewable Energy Standard and Tariff Compliance Report 2013 Compliance Year**

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March 2014

## **RENEWABLE ENERGY STANDARD AND TARIFF PROGRAM REPORT YEAR-END 2013**

### **Introduction**

Pursuant to Arizona Administrative Code ("A.C.C.") R14-2-1812, Ajo Improvement Company ("AIC") submits the AIC 2013 Renewable Energy Standard and Tariff Compliance Report. This report relates to the Ajo Improvement Company 2013 Renewable Energy Standard Implementation Plan which was approved by the Commission in Decision 73881 dated May 8, 2013.

### **Summary**

The 2013 AIC REST plan was approved by Decision No. 73881 pursuant to A.C.C. R14-2-1813.

AIC 2013 retail sales were 11,682,965 kWh. This results in a renewable requirement of 467,319 kWh, of which 327,123 kWh is the grid-tied requirement and the remaining 140,196 kWh is the distributed requirement.

Under Decision No. 73881, AIC has suspended collection of the RESS for an additional two years beginning 01 January 2013, or until the Commission directs otherwise. This report contains information as required by A.C.C. R14-2-1812.

### **The REST Plan**

The 2013 REST plan consists of the following programs:

- Procure grid-tied requirements from entities willing to transact at AIC transmission access points.

- Incentives programs for 2014 will remain the same as 2013 and be maintained at the 2013 incentive levels.

AIC is faced with circumstances unique to AIC in meeting grid-tied and distributed REST requirements. The challenges in meeting its distributed requirement are well documented and will not be repeated here.

AIC is a distribution only utility, and has no direct access to energy markets where renewable energy can be readily procured. There is no available transmission capacity on a year-around basis to AIC's system from markets where renewable energy is transacted and transmitted.

Because of the well documented challenges that AIC has in meeting its distributed requirement and the timeframe to install physical generation, AIC used purchased Renewable Energy Credits from Morenci Water & Electric ("MWE") for compliance year 2013.

**Required Elements pursuant to A.A.C. R14-2-1812**

1. Actual kWh of energy or equivalent obtained from Eligible Renewable Energy Resources:

Renewable Energy Source	kWh
Renewable Energy Credits purchased from MWE	400,000

2. The kWh of energy or equivalent obtained from Eligible Renewable Energy Resources normalized to reflect a full year's production:

Renewable Energy Source	kWh
Renewable Energy Credits purchased from MWE	400,000

3. The kW of generation capacity, disaggregated by technology type:

Renewable Energy Source	kW
	NA

Generation capacity not available due to the type of transaction between AIC and MWE.

4. Cost information regarding cents per actual kWh of energy obtained from Eligible Renewable Energy Resources and cents per kW of generating capacity, disaggregated by technology type:

Renewable Energy Source	Cents/kWh	Cents/kW
Renewable Energy Credits purchased from MWE		

5. A breakdown of the Renewable Energy Credits used to satisfy both the Annual Renewable Energy Requirement and the Distributed Renewable Energy Requirement and appropriate documentation of the Affected Utility's receipt of those Renewable Energy Credits:

Annual Renewable Energy Requirement	Annual Renewable Energy Requirement kWh	Distributed Renewable Energy Requirement kWh
Renewable Energy Credits purchased from MWE	400,000	0

Attachment 1 is the Renewable Energy Credits Confirmation Statement from MWE confirming the purchase of the Renewable Energy Credits.

6. A description of the Affected Utility's procedures for choosing Eligible Renewable Energy Resources and certification from an independent auditor that those procedures are fair and unbiased and have been appropriately applied.

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For the 2013 Compliance year, AIC purchased the balance of its requirements from MWE. Of the two entities that can deliver power to the AIC distribution system, only MWE offered to sell Renewable Energy Credits to AIC. Because of these facts, and independent audit was not performed.

**Planned Projects**

AIC will continue to aggressively market the distributed renewable energy program to its customers.