



MEMORANDUM

Date: January 7, 2020

To: The Honorable Chairman and Members
Pima County Board of Supervisors

From: C.H. Huckelberry
County Administrator

A handwritten signature in black ink, appearing to read "CHH", written over the printed name "C.H. Huckelberry".

Re: **Tucson Electric Power (TEP) Rate Case Application – Docket No. E-01933A-19-0028 Update**

Since my November 1st memorandum to you on the ongoing TEP rate case, the County has continued to monitor and provide testimony on this matter. More recently, the County attended the Arizona Corporation Commission (ACC) staff's stakeholders meeting in Phoenix to provide both ACC staff and interveners an opportunity to hear TEP's presentation and responses to comments and requests for information filed by both parties.

TEP largely just argued their rebuttal position and offered no new information, did not provide adequate responses and/or otherwise ignored interveners' prior comments. After input from interveners, ACC staff provided additional comments to TEP regarding their current proposal not meeting the ACC's prior directive of no cost shift to non-participating rate payers of TEP's proposed buy-through program.

Subsequently, on December 16, the County and other interveners filed surrebuttal testimony in response to TEP's rebuttal. The County's position remained the same with objections to TEP's proposed:

- Lack of any aggregation allowance of Large General Service (LGS) and Medium General Service (MGS) sites, which greatly limits the number of customers that can participate, including the County and the City.
- Minimum peak load size and load allocation cap, which again limits customers that can participate.
- Development of buy-through program as experimental and not permanent, which is the opposite of the prior ACC directive.

TEP filed changes to their rate case with the ACC in late December. Their filing states they modified their proposed buy-through program to now include expanding customer eligibility for the program, limited aggregation allowance for smaller customer loads and no cost shift to customers not participating in the program.

The Honorable Chairman and Members, Pima County Board of Supervisors

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The County needs more information to determine whether these revisions are adequate to address the County's concerns. Much more clarification on how limited aggregation is defined, the program size and allowable customer loads is needed from TEP. The ACC has scheduled hearings on this matter for January through mid-February 2020.

CHH/dr.

c: Charles Wesselhoft, Deputy County Attorney
Lisa Josker, Director, Facilities Management
Diana Durazo, Special Projects Manager to County Administrator
Patrick O'Leary, Facilities Management Program Manager