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BEFORE THE ARIZONA CORPORATION CC

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COMMISSIONERS

JEFF HATCH-MILLER, Chairman
WILLIAM A. MUNDELL
MIKE GLEASON
KRISTIN K. MAYES
BARRY WONG

IN THE MATTER OF THE APPLICATION OF ARIZONA PUBLIC SERVICE COMPANY FOR A HEARING TO DETERMINE THE FAIR VALUE OF THE UTILITY PROPERTY OF THE COMPANY FOR RATEMAKING PURPOSES, TO FIX A JUST AND REASONABLE RATE OF RETURN THEREON, TO APPROVE RATE SCHEDULES DESIGNED TO DEVELOP SUCH RETURN, AND TO AMEND DECISION NO. 67744.

DOCKET NO. E-01345A-05-0816

IN THE MATTER OF THE INQUIRY INTO THE FREQUENCY OF UNPLANNED OUTAGES DURING 2005 AT PALO VERDE NUCLEAR GENERATING STATION, THE CAUSES OF THE OUTAGES, THE PROCUREMENT OF REPLACEMENT POWER AND THE IMPACT OF THE OUTAGES ON ARIZONA PUBLIC SERVICE COMPANY'S CUSTOMERS.

DOCKET NO. E-01345A-05-0826

IN THE MATTER OF THE AUDIT OF THE FUEL AND PURCHASED POWER PRACTICES AND COSTS OF THE ARIZONA PUBLIC SERVICE COMPANY.

DOCKET NO. E-01345A-05-0827

MOTION TO TAKE NOTICE OF THE COMMISSION'S FINAL DECISION AND ORDER NO. 69127 IN DOCKET NO. RE-0000OC-05-0030, THE RECORD THEREUNDER, AND CERTAIN OTHER MATTERS.

The undersigned counsel, on behalf of the Intervener's in this docket collectively known as the Solar Advocates, hereby moves to have the Commission take OFFICIAL NOTICE pursuant to Commission Rule R14-3-109 (T)(2), of the final DECISION AND ORDER NO. 69127 IN DOCKET NO. RE-0000OC-05-0030, more commonly known as

1 the Renewable Energy Standard (RES) and pursuant to Commission Rule R14-3-109 (U) of
2 the record in such Docket, in this combined docket.

3
4 As discussed further below, the Commission addressed and decided matters in
5 DECISION AND ORDER NO. 69127 that directly bear on matters at issue in the present
6 docket, and for reasons of judicial economy and consistency, we urge the Commission and
7 the other parties in this matter to incorporate, to the full extent practicable without
8 unnecessarily delaying the conclusion of this docket, the findings, policy direction, and tariff
9 implementation decisions and the record contained therein.

10
11 **ISSUES WHICH MAY BENEFIT FROM THE GUIDANCE CONTAINED IN THE**
12 **COMMISSION'S FINAL DECISION AND ORDER NO. 69127 IN**
13 **DOCKET NO. RE-00000C-05-0030**

14
15 Initial review of the Final Decision and Order NO. 69127 by the undersigned suggests
16 that at least the following issues in the present proceeding may be subject to the current
17 and future impact of Final Decision and Order NO. 69127. Such issues, without any
18 intention of limiting the effect to such issues, include the following:

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1. The definition of net metering, and the resulting impact of such definition and others on the tariffs proposed by APS relating to net metering.
 2. The method of recovery of costs, if any, resulting from net metering, which appear to be required to be recovered pursuant to the Tariff described in R14-2-1808, rather than added to the EPS as suggested by APS in this case.
 3. The amount of recovery of costs, if any, under the Tariff described in paragraph 2 above, as such amount is more clearly defined and limited in Final Decision and

1 Order NO. 69127 to "only the costs in excess of the Market Cost of Comparable
2 Conventional Generation."

3 a. "Market Cost of Comparable Conventional Generation" is defined in the Order
4 as meaning the Affected Utility's energy and capacity cost of producing or
5 procuring the incremental electricity that would be avoided by the resources
6 used to meet the Annual Renewable Energy Requirement, taking into account
7 hourly, seasonal and long-term supply and demand circumstances. Avoided
8 costs include any avoided transmission and distribution costs and any avoided
9 environmental compliance costs.
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11 b. It is clear that the methodology proposed in APS Exhibit Attachment 5-RB
12 entitled Arizona Public Service Company, Potential Revenue Erosion And Net Loss
13 Revenues From Net Metering Rate," would not meet this requirement.
14

15 c. It may well be necessary to better match the peak period nature of PV
16 production than does the annual average avoided cost in determining the
17 appropriate value to be credited in net metering, net billing and other tariffs in
18 which such determination is necessary or appropriate.
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20 4. Given the conceptual advances and policy clarification and direction referred to in 3
21 above, it is unlikely that the Net Billing tariffs relied upon by APS for Renewable
22 Generators in excess of 10 kW will be allowed to stand as just and reasonable.
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24 5. With the clarification provided, a "pilot" net metering tariff is no longer necessary,
25 reasonable and in the public interest, nor are the limitations to residential and
26 commercial customer generation of 10 kW or less, or the limitation in the aggregate
27 to 15 MW,
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6. Solar Advocates also requests the Commission to address how the following ordering paragraph in the final Decision and Order should be most efficiently incorporated into the proceedings of this case:

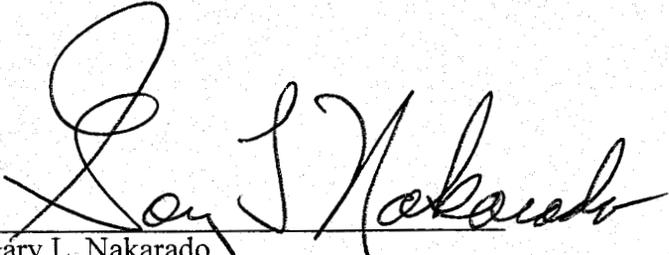
R14-2-1811. Net Metering and Interconnection Standards

The Commission Staff shall host a series of workshops addressing the issues of rate design including Net Metering and interconnection standards. Upon completion of this task, and the adoption of rules or standards, if appropriate, each Affected Utility shall file conforming Net Metering tariffs and interconnection standards in Docket Control.

Solar Advocates suggests for consideration of the parties and the Commission a direction to the parties to attempt to settle the issues that would be addressed in such workshops, with any resulting proposed limited settlement to be offered to the Commission in public hearing prior to incorporation in any interim or final decision.

7. Such other issues that the other parties, Commission Staff, or the Commissioner or ALJ may deem appropriate. to this proceeding.

RESPECTFULLY SUBMITTED this 21st day of November, 2006.



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1 **Certificate of Service**

2 Original and 17 copies of the foregoing sent FED EX, next day delivery
3 this 22nd day of November, 2006 with:

4 Docket Control
5 Arizona Corporation Commission
6 1200 West Washington
7 Phoenix, AZ 85007

8 Copy of the foregoing mailed this
9 22th day of November, 2006 to:

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