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BEFORE THE ARIZONA CORPORATION COMMISSION

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Arizona Corporation Commission

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<p>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</p>	<p>Docket No. E-01345A-05-0816</p>
<p>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.</p>	<p>Docket No. E-01345A-05-0826</p>
<p>IN THE MATTER OF THE AUDIT OF THE FUEL AND PURCHASED POWER PRACTICES AND COSTS OF THE ARIZONA PUBLIC SERVICE COMPANY.</p>	<p>Docket No. E-01345A-05-0827</p>

NOTICE OF ERRATA

Notice is hereby given by the undersigned counsel for the Solar Advocates that the Solar Advocates inadvertently did not include the attached Certificate of Service in its Initial filing of its Closing Brief of January 22, 2007 in the above-referenced matter, and further that the red-lined changes recommended by Solar Advocates to ¹the Net-Metering Tariff proposed by APS set forth

In Solar Advocates Exhibit A (formatted through Acrobat 8.0) apparently did not fully print out in the FedEx Kinko's printing filed on such date. A copy of such documents hand formatted in Word Redline format hard copy and printed in Acrobat format is therefore attached for the convenience of the parties.

RESPECTFULLY SUBMITTED this 24th day of January 2007.

/s/ Gary L Nakarado

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Attachment GAD-5 RATE SCHEDULE EPR-5 CLASSIFIED SERVICE RATES FOR RENEWABLE RESOURCE
AVAILABILITY FACILITIES OF 10 kW-2 MW OR LESS FOR PARTIAL REQUIREMENTS

This rate schedule is available in all territory served by the Company at all points where facilities of adequate capacity and the required phase and suitable voltage are adjacent to the sites served.

APPLICATION

This rate schedule is offered ~~as a three-year pilot program~~ to renewable resource generation facilities with a nameplate service continuous output power rating of 10 kW- 2MW or less where the customer's generator(s) and load are located at the same premise. Renewable resources eligible to participate in this ~~pilot program~~ include solar and other renewable resources, as defined in A.A.C. R14-2-1618, as it may be modified or updated from time to time. ~~This pilot program is capped at 15MW of total renewable generation nameplate capacity.~~ Environmental Portfolio or other funding as provided in RES rules /actual net costs, if any, as demonstrated pursuant to RES rules. Surcharge (EPS)/ funding will be utilized to recover the ~~/metering costs, billing system modification cost and revenue funding.~~ ~~Participation under this schedule is subject to availability of enhanced metering and billing system~~

~~loss associated with the pilot program. This pilot program is conditioned upon continued and sufficient EPS upgrades.~~

TYPE OF SERVICE

Electric sales to the Company must be single phase or three phase, 60 Hertz, at one standard voltage as may be selected by customer (subject to availability at the premises).

SALES TO THE CUSTOMER

Power sales and special services supplied by the Company to the customer in order to meet the customer's supplemental or interruptible electric requirements, if any, will be priced at the Standard Retail Rate as may be selected by the customer. Refer to the Definitions section, No.5, of this rate schedule to identify rate schedules that qualify for this ~~pilot~~ program.

Energy will not be purchased from the customer under this schedule; instead, the kWh of energy provided will be credited to the customer as an offset to customer usage. Through the net metering method, the customer shall receive the full retail value of the energy component (charges assessed on a kWh basis) of their bundled Standard Offer Service Rate for the power fed into the system from the customer-owned renewable resource generator(s) up to the full annual customer usage for the annual billing year. In cases where customer owned generation output exceeds the customer's total usage in a given month, the customer will receive a kWh credit equal to this excess generation output on the next monthly bill. Any remaining kWh credit amount will be paid at the utility's average incremental avoided cost for the prior year zeroed-out (no payment made to the customer) in the customer's last monthly bill rendered in the calendar year or at the time of a customer shut off. The Company shall provide one bi-directional meter under this EPR-5 ~~pilot~~ program.

CONTRACT PERIOD

Any applicable contract period(s) will be set forth in an Agreement between the customer and the Company.

DEFINITIONS

1. Partial Requirements Service -Electric service provided to a customer that has an interconnected renewable resource generation system configuration whereby the output from its electric generator(s) first supplies its own electric requirements and any excess energy (over and above its own requirements at any point in time) is then provided to the Company. The Company supplies the Customer's supplemental electric requirements (those not met by their own generation facilities). This configuration may also be referred to as the "parallel mode" of operation.

Phoenix, Arizona
Filed by: David J. Rumolo
ARIZONA PUBLIC SERVICE COMPANY A.C.C. No. XXXX
Title: Manager, Regulation and Pricing
Bi-Directional

Rate Schedule EPR-S
Original
Effective: XXXX

Attachment GAD-5 RATE SCHEDULE EPR-5 CLASSIFIED SERVICE RATES FOR RENEWABLE RESOURCE FACILITIES OF 10 kW OR LESS FOR PARTIAL REQUIREMENTS

Solar Advocates Exhibit B -page 3 EXHIBIT A-2

DEFINITIONS (cont)

1 Special Service(s) -The electric service(s) specified in this section that will be provided by the Company in addition to or in lieu of normal service(s).

2 Time Periods -Mountain Standard Time shall be used in the application of this rate schedule. Because of potential differences of the timing devices, there may be a variation of up to 15 minutes in timing for the pricing periods.

3 ~~Pilot Program -The term of this pilot program is three years from the issuance of Decision No. XXXXX. If this experimental pilot rate schedule later becomes a standard Company rate schedule, the Company reserves the right to modify the rate schedule.~~

4 ~~Standard Retail Rate -Qualifying standard retail rates for service under this pilot program are limited to Rate Schedules E-12, ET-1, ET-2, ECT-IR and ECT-2 for residential customers and Rate Schedules E-32 and E-2 TOU for general service customers with Monthly Maximum Demands of 20 kW or less.~~

TERMS AND CONDITIONS

Service under this rate schedule is subject to the Company's Schedule 1, Terms and Conditions for Standard Offer and Direct Access Services and Schedule 2, Terms and Conditions for Energy Purchases from Qualified Cogeneration or Small Power Production Facilities. This schedule has provisions that may affect the customer's bill. In addition, service may be subject to special terms and conditions as provided for in a customer interconnection or service agreement.

METERING CONFIGURATION

Customer Generator

APS

Phoenix, Arizona
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Title: Manager, Regulation and Pricing
Bi-Directional

Meter

~~ARIZONA PUBLIC SERVICE COMPANY~~
Filed by: David J. Rumolo

A.C.C. No. XXXX

Rate Schedule EPR-5

Original

Title: Manager, Regulation and Pricing
Bi-Directional

Effective: XXXX

Meter



IREC Model Net-Metering Rules

www.irecusa.org/connect/netmeteringrules.pdf

Net Metering

1.000 Definitions

[[insert appropriate definitions here]]

2.000 Net metering general provisions

2.100 All electricity providers shall offer net metering to customers with solar, wind and other eligible generators defined at 2.114 that generate electricity on the customer's side of the meter and are interconnected with the electricity provider pursuant to the interconnection rules in Section *[[reference state interconnection rules here]]*, provided that the generating capacity of the customer-generator's facility meets both of the following criteria:

- (a) The rated capacity of the generator does not exceed two megawatts (MW); and
- (b) The rated capacity of the generator does not exceed the customer's service entrance capacity.

2.101 The electricity provider shall develop a net-metering tariff that provides for customer-generators to be credited in kilowatt-hours (kWh) at a ratio of 1:1 for any excess production of their generating facility that exceeds the customer-generator's on-site consumption of kWh in the billing period following the billing period of excess production. However, any excess kWh credits shall not reduce any fixed monthly customer charges imposed by the electricity provider.

2.102 The electricity provider shall carry over any excess kWh credits earned under 2.101 and apply those credits to subsequent billing periods to offset any customer-generator consumption in those billing periods until all credits are used or until the end of the calendar year. An electricity provider that uses cycle bills may use the December billing month as the end of the calendar year.

2.103 At the end of each calendar year, the electricity provider shall either carry forward any excess kWh credits for use against consumption in future months, or shall compensate the customer-generator for any excess kWh credits at the electricity provider's average hourly incremental cost of electricity supply over the same calendar-year period.

2.104 If a customer-generator terminates its service with the electricity provider *[[or switches electric providers]]*, the electricity provider shall compensate the customer-generator for any excess kWh credits at the electricity provider's average hourly incremental cost of electricity supply over the calendar-year period immediately prior to termination of service.

2.105 A customer-generator facility used for net metering shall be equipped with metering equipment that can measure the flow of electricity in both directions at the same rate. For customer-generator facilities less than 10 kilowatts (kW) in rated capacity, this shall be accomplished through the use of a single, bi-directional electric revenue meter that has only a single register for billing purposes.

2.106 A customer-generator may choose to use an existing electric revenue meter if the following criteria are met:

(a) The meter is capable of measuring the flow of electricity both into and out of the customer-generator's facility at the same rate and ratio; and

(b) The meter is accurate to within plus or minus five percent when measuring electricity flowing from the customer-generator facility to the electric distribution system.

2.107 If the customer-generator's existing electric revenue meter does not meet the requirements at 2.106 above, the electricity provider shall install and maintain a new revenue meter for the customer-generator, at the electricity provider's expense. Any subsequent revenue meter change necessitated by the customer-generator, whether because of a decision to stop net metering or for any other reason, shall be paid for by the customer-generator.

2.108 The electricity provider shall not require more than one meter per customer-generator. However, an additional meter may be installed under either of the following circumstances:

(a) The electricity provider may install an additional meter at its own expense if the customer-generator consents; or

(b) The customer-generator may request that the electricity provider install a meter, in addition to the revenue meter addressed in 2.106 above, at the customer-generator's expense. In such a case, the electricity provider shall charge the customer-generator no more than the actual cost of the meter and its installation.

2.109 A customer-generator owns the renewable energy credits (RECs) of the electricity it generates, and may apply to the state regulatory commission or its authorized designee for issuance of renewable-energy credits (RECs) or solar renewable-energy credits (S-RECs) as appropriate and based on actual on-site electric generation, or the calculated estimate for customer-generators less than 10 kW in rated capacity and as further defined in Section *[[reference any state renewable portfolio standard (RPS) requirements here]]*.

2.110 An electricity provider shall provide to net-metered customer-generators electric service at nondiscriminatory rates that are identical, with respect to rate structure, retail rate components and any monthly charges, to the rates that a customer-generator would be charged if not a customer-generator.

2.111 An electricity provider shall not charge a customer-generator any fee or charge; or require additional equipment, insurance or any other requirement not specifically authorized under this sub-section or the interconnection rules in Section *[[reference state interconnection rules here]]*, unless the fee, charge or other requirement would apply to other similarly situated customers who are not customer-generators.

2.112 Each electricity provider shall make net metering available to eligible customer-generators in a timely manner and on a first-come, first-served basis up to five percent of the electricity provider's most recently measured annual peak load.

2.113 *[[optional]]* Each electricity provider shall submit an annual net-metering report to the state regulatory commission. The report shall be submitted by *[[insert date]]* of each year, and shall include the following information for the previous compliance year:

- (a) The total number of customer-generator facilities;
- (b) The total estimated rated generating capacity of its net-metered customer-generators;
- (c) The total estimated net kilowatt-hours received from customer-generators;
- and
- (d) The total estimated amount of energy produced by customer-generators.

2.114 Eligible Generators

[[insert definitions of appropriate eligible generators here]]

3.000 General Provisions

3.001 If a customer-generator has been approved under the interconnection rules in Section *[[reference state interconnection rules here]]*, the electricity provider shall not require a customer-generator to test or perform maintenance on the customer-generator's facility except in the case of any testing or maintenance recommended by the system manufacturer.

3.002 An electricity provider shall have the right to inspect a customer-generator's facility during reasonable hours and with reasonable prior notice to the customer-generator. If the electricity provider finds that the customer-generator's facility is not in compliance with the requirements of the interconnection rules in Section *[[reference state interconnection rules here]]* and the requirements of IEEE Standard 1547, and non-compliance adversely affects the safety or reliability of the electricity provider's facilities or of other customers' facilities, the electricity provider may require the customer-generator to disconnect the facility until compliance is achieved.

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