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BEFORE THE ARIZONA CORPORATION COMM

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COMMISSIONERS

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2007 FEB 16 A 10:39

AZ CORP COMMISSION  
DOCUMENT CONTROL

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 RE-  
PLACEMENT POWER AND THE IMPACT OF  
THE OUTAGES ON ARIZONA PUBLIC  
SERVICE COMPANY'S CUSTOMERS.

DOCKET NO. E-01345A-05-0826

Arizona Corporation Commission  
**DOCKETED**  
FEB 16 2007

DOCKETED BY	KK
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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

REPLY BRIEF OF  
DISTRIBUTED ENERGY ASSOC.  
OF ARIZONA

The Distributed Energy Association of Arizona ("DEAA") submits the following  
reply brief in response to portions of the Initial Post-Hearing Brief of Petitioner Arizona  
Public Service Company (APS Brief or its Brief) in connection with the above-referenced  
matter.

1           **I.       Large Retail Customers, Master Meter Invoices, and Tenants.**

2           The DEAA notes the Staff's request to slice down the potential larger Arizona  
3 Public Service (APS) customers into several smaller customers by not allowing large  
4 customers to (master-meter) invoice their tenants.

5           The entire subject of landlords selling energy to tenants needs to be  
6 discussed more fully. Some very large customers have in the past considered  
7 similar sales as a service and opportunity to benefit both the landlord and  
8 tenant. Metro Center in Phoenix is a recent example. In Metro Center's case it was  
9 much more convenient and space saving for the customer (landlord) to bill  
10 the tenant. Meters were placed near the tenants' stores to shorten the feeder  
11 and save space which saved costs for the Landlord and Tenant. The customer  
12 provided one hundred percent (100%) of the panel boards and equipment to meter the  
13 load.  
14

15           For that reason APS should have less concern about the first costs of  
16 metering. Also, the tenant would have a smaller aggregate cost of power (\$  
17 per Mwh) with master-metering that can be passed onto the tenants. This  
18 service is not available with individual small tenant meters.  
19

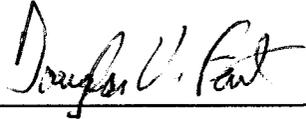
20           The DEAA recommends that the Commission review the entire subject of  
21 landlords selling energy to tenants or alternatively leave the issue currently as it is. The  
22 issue needs to needs to be discussed more fully. Some very large customers have in the  
23 past considered these sales as a service and opportunity for the benefit of both the  
24 landlord and tenant.

25           **II. Customer-Funded Distributed Generation and the REST Rules.**

26           DEAA notes that if the customer funded distributed generation continues to be  
27 uneconomic due to APS' "Partial Requirement" rates, then APS may simply build utility  
28 owned distributed generators (DG) in substations and other locations to satisfy the  
29 recently-proposed R.E.S.T. program. This approach is not really "True DG" because to  
30 assist the reliability issue we must allow the customer to build DG at the customer

1 load, not at APS' substations. Ninety five (95%) of the outages occur on the down-  
2 stream side of the APS substations which 'True D G' will assist in resolving or  
3 ameliorating. Building utility DG at substations will assist the high voltage grid, not the  
4 real down-stream issues.

5 Respectfully submitted this 16 day of February 2007.

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8 

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16

17 The original and 17 copies  
18 of the foregoing have been filed  
19 as of February 16, 2007 with:

20  
21 Docket Control  
22 Arizona Corporation Commission  
23 1200 W. Washington  
24 Phoenix, AZ. 85007  
25

26 Copies of the foregoing have  
27 been mailed, faxed, or trans-  
28 mitted electronically as of  
29 February 16, 2007 to:

30  
31 All parties of record

32   
33 \_\_\_\_\_  
34 Douglas V. Fant