



0000095751

ORIGINAL

RECEIVED

200 OCT 26 P 3 36

**BEFORE THE ARIZONA CORPORATION COMMISSION**

CARL J. KUNASEK  
CHAIRMAN  
JIM IRVIN  
COMMISSIONER  
WILLIAM A. MUNDELL  
COMMISSIONER

Arizona Corporation Commission  
**DOCKETED**  
DOCUMENT CONTROL

OCT 26 2000

DOCKETED BY

IN THE MATTER OF NOTICE OF  
PROPOSED RULEMAKING FOR THE  
ENVIRONMENTAL PORTFOLIO  
STANDARD

DOCKET NO. RE-00000C-00-0377

**REPLY COMMENTS OF ARIZONA  
PUBLIC SERVICE COMPANY**

Arizona Public Service Company ("APS" or "Company") hereby submits its Reply Comments concerning the proposed Arizona Corporation Commission ("Commission") regulation on an Environmental Portfolio Standard ("EPS"). Specifically, APS will address comments filed by the City of Scottsdale ("Scottsdale") and Citizens Communications Company ("Citizens") concerning the application of the EPS Surcharge to customers having multiple accounts and to unmetered accounts such as street lighting. APS will also respond to a suggestion of New West Energy ("New West") that could lead to an unintended double-counting of solar credits.

**BACKGROUND**

In Decision No. 62506 (May 4, 1999), the Commission directed that Commission Staff propose an Environmental Portfolio Standard ("EPS") in accordance with the provisions of that order. One such provision was the creation of an EPS Surcharge of \$.000875 per kWh, with monthly caps for both residential (\$.35) and commercial/industrial (\$13 or \$39, depending on

**Snell & Wilmer**

LLP  
LAW OFFICES  
One Arizona Center, 400 E. Van Buren  
Phoenix, Arizona 85004-2202  
(602) 382-6000

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26

1 size) customers. The express purpose of the EPS Surcharge was to finance the EPS mandate  
2 imposed by the new regulation.

3 Proposed subsection (I) of the EPS regulation discusses the ‘banking’ of ‘solar kWh’ by  
4 ESPs or ‘independent solar electric generator.’ New West has suggested that the term  
5 ‘independent solar generator’ be defined and that they be permitted to earn credits that could then  
6 be sold to meet other entities’ EPS requirements.

### 7 **MULTIPLE-METERED ACCOUNTS**

8 The inequity complained of by Scottsdale was inherent in the Commission’s decision to  
9 allow such a low cap for large commercial/industrial users. However, the situation faced by  
10 Scottsdale is no different than that of 330 individual small non-residential customers. To allow  
11 consolidation of customer accounts of large multiple-metered customers such as Scottsdale would  
12 require increasing the EPS Surcharge for other non-residential customers, thus exacerbating an  
13 already unfair situation for individual small commercial customers or, alternatively, would  
14 significantly reduce the funding available from the EPS Surcharge to promote Commission-  
15 approved environmentally-friendly technologies.

### 16 **UNMETERED ACCOUNTS**

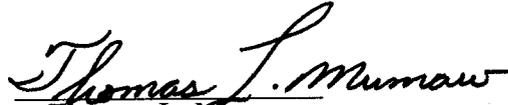
17 APS is uncertain whether Decision No. 62506 meant to exclude residential customers  
18 from charges related to their non-metered services. APS believes the intent was that *all* services  
19 (metered or non-metered) would be subject to the ESP Surcharge. It could be perceived that,  
20 under the current wording, residential customers would arguably be exempt for any non-metered  
21 service currently being provided. In contrast, all non-residential customers will pay the cap  
22 regardless of their actual or contract kWh. Under this Staff proposal, the \$13 per month  
23 surcharge could greatly exceed their proportionate amount if computed on a per kWh basis or  
24 even exceed the remaining charge for the service itself. Therefore, APS is recommending the  
25 following changes to Section A.2:  
26



1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26

RESPECTFULLY SUBMITTED this 26th day of October, 2000.

SNELL & WILMER

  
Thomas L. Mumaw

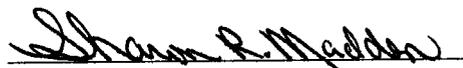
Attorneys for Arizona Public  
Service Company

Original and ten copies of the  
foregoing filed this 26th day  
of October, 2000, with:

Docket Control  
Arizona Corporation Commission  
1200 West Washington Street  
Phoenix, AZ 85007

Copy of the foregoing mailed,  
e-mailed or hand-delivered  
this 26th day of October,  
2000, to:

All parties of record.

  
Sharon Madden

909890.2