

ORIGINAL

THIS AMENDMENT:



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Passed

Passed as amended by

Not Offered

Withdrawn

2009 AUG 21 P 3: 29

AZ CORP COMMISSION
DOCKET CONTROL

PIERCE PROPOSED AMENDMENT # 1

DATE PREPARED: August 21, 2009

COMPANY: Arizona Public Service Company

DOCKET NOS: E-01345A-09-0263

OPEN MEETING DATES: August 25-26, 2008

AGENDA ITEM: U-22

Arizona Corporation Commission

DOCKETED

AUG 21 2009

Page 8, Line 26

INSERT the following:

DOCKETED BY *[Signature]*

Additional Findings

The Commission thanks APS for bringing the issue of the exhaustion of PBI funding for commercial distributed energy projects to its attention. In one respect, this is a problem the Commission is thrilled to see—an overwhelming expression of interest in commercial distributed energy. However, it is not a problem that does not create some concern. Most pressingly, the Commission is being asked to approve nearly a quarter billion dollars in cost guarantees which will ultimately be borne by the ratepayer. Given the magnitude of the dollars at issue—nearly a 300% increase over the amount initially requested by APS—the Commission no longer believes it is prudent for APS to offer the mismatched PBI option for a 10-year contract with a 20-year PBI payment.¹ The risk that a system might malfunction after it has received all of its PBI payments but before it has satisfied its REC obligations is too great a risk when the amount at stake is \$220 million. APS's three other PBI alternatives do not pose this same risk because PBI payments will immediately stop if the system stops working. Accordingly, we will prohibit APS from offering its 10-year/20-year PBI contract to any PBI proposal received after June 30, 2009.

Page 8, Line 18

DELETE “22.5 cents per kWh for a 10-year contract / 20-year PBI incentive,”

¹ This PBI option provides 10 years of payments but requires 20 years of RECs.

Page 9, Line 8

INSERT new ordering paragraph:

IT IS FURTHER ORDERED that Arizona Public Service Company shall not offer its 10-year/20-year PBI contract to any PBI proposal received after June 30, 2009.

Conforming changes.