

THIS AMENDMENT:	
_____ Passed _____	Passed as amended by _____
_____ Failed _____	Not Offered _____



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2010 MAR -1 P 12: 08

MAYES PROPOSED AMENDMENT 3

ORIGINAL

ARIZONA CORPORATION COMMISSION
DOCKET CONTROL

TIME/DATE PREPARED: March 1, 2010 10:00 a.m.

COMPANY: Arizona Public Service

AGENDA ITEM NO. 25

DOCKET NO. E-01345A-09-0338

OPEN MEETING DATE: 3-3-10

Arizona Corporation Commission

DOCKETED

MAR - 1 2010

Page 6, Line 25, INSERT New Heading and New Finding of Fact:

DOCKETED BY	<i>MM</i>
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VI. Discussion

“The Commission believes that it is appropriate, at this time, to approve the Company’s proposed cost recovery as recommended by Staff for only the first 50 megawatts of utility-scale solar at issue in this application. The specifics of the cost recovery mechanisms associated with the remaining 50 megawatts should be addressed in the Company’s next rate case. Specifically, we believe that in the Company’s next rate case, a mechanism should be considered that would allow APS to recover the costs, consistent with Section 15.7 of the Settlement Agreement, associated with the remaining 50 megawatts. Examples of possible mechanisms may include:

1. Revisions to APS’ Power Supply Adjustor (“PSA”) to allow the costs to be flowed through the PSA, or
2. An adjustment mechanism that would allow APS to include the plant costs associated with these 50 megawatts in rate base following Staff’s filing of a memorandum in the rate case docket verifying that the plant has been placed into service. The Company’s base rates would then be increased accordingly to allow the recovery of the costs associated with this plant. The rate increase would be effective for service rendered beginning the first day of the month following the filing of Staff’s verification memorandum.”

Page 7, DELETE Lines 7 through 9 and REPLACE with:

“IT IS FURTHER ORDERED that Arizona Public Service Company’s AZ Sun Program be and hereby is approved as recommended by Staff, except as modified as discussed in Section VI of this Order and delineated in the following ordering paragraph.

IT IS FURTHER ORDERED that in Arizona Public Service Company's next rate case, the Commission shall determine the cost recovery mechanism for the second 50 megawatts of the AZ Sun Program that may include the following examples:

1. A modification to Arizona Public Service Company's Power Supply Adjustor that would allow the costs to be flowed through the Power Supply Adjustor, or
2. Establishment of a mechanism that would allow Arizona Public Service Company to include the plant costs associated with these 50 megawatts in rate base following Staff's filing of a memorandum in the rate case docket verifying that the plant has been placed into service. Arizona Public Service Company's base rates would then be increased accordingly to allow the recovery of the costs associated with this plant. The rate increase would be effective for service rendered beginning the first day of the month following the filing of Staff's verification memorandum.

Make all conforming changes.