

<b>THIS AMENDMENT:</b>		
_____ Passed _____	Passed as amended by _____	0000109701
_____ Failed _____	Not Offered _____	Withdrawn _____



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**ORIGINAL**

**PIERCE PROPOSED AMENDMENT # 1**

DATE PREPARED: April 1, 2010

COMPANY: Arizona Public Service Company

DOCKET NOS: E-01345A-09-0227

OPEN MEETING DATE: April 1, 2010

AGENDA ITEM: U-31

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 2010 APR -1 P 3:20  
 AZ CORP COMMISSION  
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~~Arizona Corporation Commission~~

**DOCKETED**

APR -1 2010

**Page 11, Line 7.5**

INSERT the following:

VIII. Commission Discussion

DOCKETED BY	<i>[Signature]</i>
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“The Commission recognizes the value of pursuing the Flagstaff pilot project as a means for further demonstrating the utility of distributed technologies. We believe that distributed technologies require cooperation from both utility companies and third party providers and both play important roles.

We believe that the Flagstaff project can be structured to offer opportunities for both utility and third-party solar providers. APS intends to acquire 1 MW through solar photovoltaic systems, 600 kW being from residential systems, and 400 kW coming from commercial systems. APS projects that approximately 200 residential systems will be installed to reach the 600 kW set aside for residential, and 8 to 12 commercial systems will be installed to reach the 400 kW set aside for commercial. In order to provide for both utility and installer participation, we believe that APS should immediately move forward with installation of 300 kW (or approximately 100 systems) of residential systems and the installation of 200 kW (or approximately 4 to 6 systems) of commercial systems. For the balance of the systems and kW envisioned under the program, APS should offer third-party providers a 180 day window in which third-party providers can seek out additional participants.

Installers will need to meet APS’ technical and system requirements, to ensure that the inherent purpose of the pilot project are not otherwise compromised and that continuity exists between the APS controlled systems and third party installed systems. In the event third-party providers are unable to develop the balance of systems within the 180 day window, APS shall have authority to exclusively develop the remaining systems up to the full complement outlined in the pilot proposal.

Providing third-party providers a limited participation window ensures that the project timelines remain on track and that APS shall not be unduly burdened. Allowing APS the authority to immediately move forward with the initial systems ensures that the overall project will not be compromised.

The Commission takes notice that APS filed an application yesterday to modify the residential incentive by reducing it from \$3.00 per watt to potentially as low as \$2.15 per watt. To encourage market certainty for third-party providers, the Commission will establish a safe harbor and maintain the existing incentives available to residential third-party providers throughout the 180 day time window within the area of the pilot project. If the Commission decides to reduce the residential incentives in the future, systems installed by third-party providers within the project area and within the 180 day time window will continue to receive existing incentive levels at \$3.00 per watt.

**Page 12, Line 8.5**

INSERT the following ordering paragraph:

“IT IS FURTHER ORDERED that Arizona Public Service Company shall immediately move forward with 300 kW of residential systems and 200 kW of commercial systems, but offer third-party providers a limited 180 day window to develop the balance of the systems within the pilot area. All residential systems installed by third-party providers within the 180 day window will receive a \$3.00 per watt incentive. Third party systems shall comply with the same technical and system requirements as the APS-controlled systems. At the conclusion of the 180 day window, APS will be authorized to develop any remaining systems up to the full complement required for the proposed pilot project.”

Conforming changes.