

ORIGINAL

NEW APPLICATION



0000116123

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
27
28

BEFORE THE ARIZONA CORPORATION C

COMMISSIONERS

RECEIVED

KRISTIN K. MAYES, Chairman
GARY PIERCE
PAUL NEWMAN
SANDRA D. KENNEDY
BOB STUMP

2010 AUG 10 P 4:48

AZ CORP COMMISSION
DOCKET CONTROL

E-01345A-10-0339
Arizona Corporation Commission

IN THE MATTER OF THE APPLICATION
OF ARIZONA PUBLIC SERVICE
COMPANY FOR A SOLAR ELECTRICAL
SUPPLY AGREEMENT

DOCKET NO. E-01345A-10

DOCKETED

APPLICATION

AUG 10 2010

DOCKETED BY
NR

Arizona Public Service Company ("APS" or "Company") is seeking Arizona Corporation Commission ("Commission") approval of a Solar Electrical Supply Agreement ("Solar Agreement"), including a fixed rate ("Solar Energy Charge"), for electric service at the Luke Air Force Base ("Luke AFB"). The Solar Agreement is attached hereto as Exhibit A.¹ APS supplies Luke AFB electricity pursuant to a Commercial Electric Supply/Purchase Agreement ("Original Agreement"). Under the Original Agreement, Luke AFB is served at the E-34 rate.

Luke AFB is subject to several federal renewable energy statutes and Executive Orders that require federal agencies to use renewable energy to the extent economically feasible and technically practicable.² Therefore, Luke AFB plans to use solar energy as a source for a portion of its electric requirements. To that end, APS has contracted with SunPower Corporation Systems, an independent solar energy system developer, to construct a 15 megawatt ("MW") solar photovoltaic system (the "Solar System") on the premises of Luke

¹ Competitively confidential and customer confidential information has been redacted in the copy filed in Docket Control. The Solar Agreement in its entirety will be provided to Commission Staff upon execution of a Confidentiality Agreement.

² 42 U.S.C. 15852(a); 10 U.S.C. 2911, Exec. Order No. 13514 (Jan. 24, 2007), Exec. Order No. 13423 (Oct. 5, 2009).

1 AFB. Luke AFB will provide the property and the improvements on the site where the Solar
2 System will be located.

3 The Solar System will interconnect into APS's distribution system, and will be owned
4 and operated by APS. The Solar System capacity is expected to be 15 MW alternating
5 current, with first-year production expected to be 35,000 megawatt hours. The Company will
6 sell the energy produced by the Solar System to Luke AFB in accordance with the terms of
7 the Solar Agreement³ at a set Solar Energy Charge. The Renewable Energy Credits will be
8 retained by APS, and the renewable energy from the Solar System will be applied toward the
9 Company's Renewable Energy Standard requirement.⁴

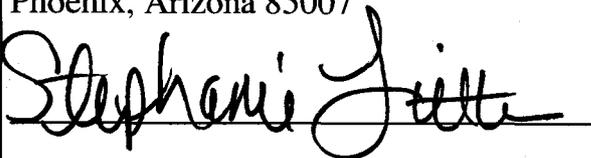
10 APS believes it is in the public interest to approve the Solar Agreement to allow Luke
11 AFB to have access to solar electric generation. Therefore, APS requests that the
12 Commission approve the Solar Agreement and the Solar Energy Charge.

13 RESPECTFULLY SUBMITTED this 10th day of August, 2010.

14
15
16 By: 
17 Linda J. Arnold
18 Deborah R. Scott
Attorneys for Arizona Public Service Company

19 ORIGINAL and thirteen (13) copies
20 of the foregoing filed this 10th day of
21 August, 2010, with:

22 Docket Control
23 ARIZONA CORPORATION COMMISSION
24 1200 West Washington Street
25 Phoenix, Arizona 85007

26
27 

28 ³ The Solar Agreement is a separate, stand-alone agreement, and is not subject to the terms and conditions of the Original Agreement.

⁴ A.A.C. R14-2-1804(B).

EXHIBIT A

SOLAR ELECTRICAL SUPPLY AGREEMENT

APS

**ARIZONA PUBLIC SERVICE COMPANY
SOLAR ELECTRICAL SUPPLY
AGREEMENT**

The parties to this Solar Electrical Supply Agreement (the "Agreement") are **ARIZONA PUBLIC SERVICE COMPANY**, an Arizona corporation, hereinafter called "APS" or the "Contractor", and **LUKE AIR FORCE BASE**, a Federal Government Agency, hereinafter called "Customer". APS and Customer are each sometimes referred to in this Agreement as a "Party" or collectively as the "Parties".

1. RECITALS

This Agreement is made and entered into in respect to the following facts and circumstances, each of which is a material term of this Agreement, and not mere recital:

1.1 The Parties have entered into a Commercial Electrical Supply/Purchase Agreement, dated as of March 27, 2007, Account No. 236431288 (the "Original Agreement"), pursuant to which APS agreed to supply, and Customer agreed to take, all electric service required for the operation of Customer's premises, located in Glendale, Maricopa County, Arizona (the "Premises").

1.2 Customer desires to utilize renewable energy as a source for a portion of its requirements for electricity at its Premises.

1.3 Customer has agreed to allow APS to construct, own and operate a solar photovoltaic system (the "Solar System") at an agreed upon site at Customer's Premises, which will be interconnected into APS' distribution system.

1.4 The Parties desire to enter into this Agreement in order to confirm the terms and conditions pursuant to which Solar Energy (as hereinafter defined) will be sold to Customer, as contemplated in the foregoing recitals.

2. SALE OF RENEWABLE ENERGY

2.1 APS shall sell and Customer shall purchase electricity from the Solar System ("Solar Energy") for use at Customer's Premises, commencing upon the commercial operation of the Solar System. The Solar Energy to be sold by APS under this Agreement is source-specific and shall be the metered kWh output of the Solar

6.2 A waiver of any default of the other Party or any other matter arising in connection with this Agreement, at any time by either Party, shall not be construed a waiver of any subsequent default or matter.

6.3 THERE ARE NO UNDERSTANDINGS, AGREEMENTS, REPRESENTATIONS, OR WARRANTIES, EXPRESS OR IMPLIED (INCLUDING WARRANTIES REGARDING MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE), OTHER THAN THOSE EXPRESSLY STATED IN THIS AGREEMENT, THE REFERENCED SCHEDULES, ANY OTHER REFERENCED OR ATTACHED DOCUMENTS, OR IN THE APPLICABLE RULES OF THE ARIZONA CORPORATION COMMISSION CONCERNING THE SALE AND DELIVERY OF ELECTRICITY BY APS TO CUSTOMER. THIS AGREEMENT, INCLUDING THE REFERENCED SCHEDULES, ANY OTHER REFERENCED OR ATTACHED DOCUMENTS, AND THE APPLICABLE RULES OF THE ARIZONA CORPORATION COMMISSION, STATES THE ENTIRE OBLIGATION OF APS IN CONNECTION WITH SUCH SALES AND DELIVERIES.

7. EXECUTION

This Agreement has been executed by the duly authorized representatives of the Parties, as set forth below:

ARIZONA PUBLIC SERVICE COMPANY

LUKE AIR FORCE BASE

SIGNATURE: Leland R. Snook
NAME: Leland R. Snook
TITLE: Director, Rates & Pricing
DATE SIGNED: August 9, 2010

SIGNATURE: Gabriel McKenna-Groves
NAME: GABRIEL MCKENNA-GROVES
TITLE: CHIEF, 56 CONS/L6CB
DATE SIGNED: 9 AUGUST 2010
MAILING ADDRESS: 56TH Contracting Squadron
ATTN: 56 CONS/L6CB
14100 W. ORACLE STREET
LUKE AFB, AZ 85309-1217

Attachment A

Specifications for Sale of Renewable Energy

A.1. SOLAR ENERGY

The Solar Energy is the metered kWh output of the Solar Facility, but shall not exceed the Customer's monthly billing kWh used to compute APS' charges rendered to the Customer under Rate Schedule E-34. In the event of missing or inaccurate metered data, the monthly Solar Energy will be estimated according to APS' Service Schedule 8 and trued up in a subsequent month when an actual meter read is available.

A.2. SOLAR ENERGY CHARGE

A.2.1 The Solar Energy Charge is a separate cost to the Customer for purchasing solar power, which is fixed for the term of this Agreement. The Customer will be charged the Solar Energy Charge on its monthly bill. All other charges and provisions in Rate Schedule E-34 will apply, except as otherwise provided in this Agreement.

A.2.2 The Solar Energy Charge is [REDACTED] per kWh of Solar Energy.

A.3. REMAINING BILLING COMPONENTS

A.3.1 The Unbundled Generation kWh charge(s) in Rate Schedule E-34 and the charges in Adjustment Schedule PSA-1 shall be applied to the Customer's billing kWh net of the Solar Energy for purposes of determining the monthly bill, where the netted kWh shall not be less than zero.

A.3.2 To the extent that any taxes or charges related to the emissions of CO₂, NO_x, SO₂, CO, Carbon, VOC, PM₁₀, Mercury, and other emissions are not accounted for in either the Unbundled Generation kWh charge(s) in Rate Schedule E-34 or in Adjustment Schedule PSA-1, but rather in a separate mechanism, those charges shall be applied to the Customer's billing kWh net of Solar Energy.

A.3.3 All other charges shall be billed in accordance to Rate Schedule E-34 and shall not be adjusted due to the Solar Energy.

A.4. METERING PROVISIONS

The output of the Solar Facility shall be separately metered. APS shall own and operate all metering equipment in accordance with Section 3.2 of Service Schedule 2.

A.5 MISCELLANEOUS

References to APS' rates refer to the specified rate noted in this Agreement, or any successor rate thereto. Electric service under this Agreement is supplied in accordance with APS' Rate Schedule E-34 and Schedule No. 1, Terms and Conditions for Sale of Electric Service, as they may change from time to time or any successor rate thereto. Changes made shall thereafter automatically amend and apply to this Agreement to the same extent as though they had been originally incorporated as a part of this Agreement.