

ORIGINAL NEW APPLICATION



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BEFORE THE ARIZONA CORPORATION COMMISSION

RECEIVED

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- KRISTIN K. MAYES, Chairman
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2010 SEP 24 P 4: 12

ARIZONA CORP COMMISSION
DOCKET CONTROL

E-01345A-10-0394

IN THE MATTER OF THE APPLICATION
OF ARIZONA PUBLIC SERVICE
COMPANY FOR APPROVAL OF
UPDATED GREEN POWER RATE
SCHEDULES GPS-1, GPS-2, AND GPS-3

DOCKET NO. E-01345A-10-_____

APPLICATION

Arizona Public Service Company ("APS" or "Company") hereby submits this application for approval of revisions to the Company's Green Power Rate schedules: GPS-1, GPS-2, and GPS-3. APS's Green Power Rate Schedules provide customers with the ability to purchase electricity generated from renewable resources for their homes and/or businesses. Customers may purchase a certain percentage of their electricity from renewable sources, or may purchase 100 kilowatt hour (kWh) blocks of "Green Power" either on a monthly basis, or for special events.

The proposed updates to the Green Power premium rate for Schedules GPS-1 and GPS-2 are pursuant to Arizona Corporation Commission ("Commission") Decision No. 69663, which directed APS to develop a single tariff with a single set of rates, to be reset annually, based on the cost of renewable resources procured for this purpose.¹ The proposed update to the Green Power premium rate for Schedule GPS-3 is authorized by the terms of the rate schedule, which was approved by the Commission in Decision No. 71276.²

Arizona Corporation Commission
DOCKETED

SEP 24 2010

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¹ Decision No. 69663 (June 28, 2007) at 96.

² Issued Sept. 17, 2009.

1 With this filing, APS is proposing to modify the method for determining Green Power
2 Rates to better reflect the program's coverage. Historically, prices for the Green Power Rates
3 were calculated using the federal Public Utility Regulatory Policies Act (PURPA) avoided
4 costs, which are based on system avoided costs. Under APS's proposal, the Green Power
5 Rates would now be calculated based on the specific renewable resources that were procured
6 for the program.³

7 The Green Power rates reflect APS's cost to provide energy from renewable
8 generation, net of the avoided cost of conventional generation. The revised rate of \$0.0102
9 per kWh reflects changes in the cost of renewable generation and the dramatic changes in the
10 avoided costs of conventional generation (most notably, fuel costs) over the last few years.⁴

11 To help stabilize the Green Power premium rate over time, and thereby provide more
12 predictable costs for customers wishing to participate in the program, the Company's
13 proposed rates are based on the average above-market costs for Green Power over a three
14 year period (2011-2013). The main objective of this proposed pricing modification is to
15 stabilize the Green Power Rates, allowing better price predictability in an effort to improve
16 customer participation. APS proposes to maintain the \$0.0102 per kWh rate until the
17 Company adds generation to its Green Power program portfolio in 2014. (For a more detailed
18 explanation of the methodology, *see* Exhibit A.)

19 The Company requests that the proposed Green Power Rates be effective beginning
20 the first billing cycle in March 2011 without proration, which will allow ample notification to
21 current participants to assess their renewable energy purchasing strategies. The Company
22 also proposes that the new price remain effective until changed by the Commission, but no
23 sooner than January 1, 2014.

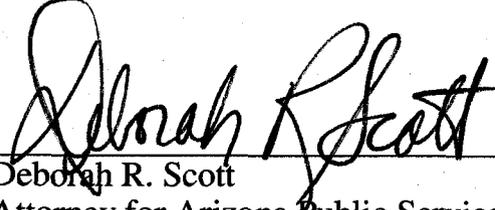
24 The revised Schedules GPS-1, GPS-2, and GPS-3 are attached as Exhibits B, C and D.
25 The Company is seeking specific Commission approval of these Green Power rate schedules;

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27
28 ³ Currently, APS has a 150,000,000 kWh allotment for Green Power Rate customers.

⁴ This is an increase from the current rate of \$0.004 per kWh:

1 therefore, APS waives the requirement that the Commission take action within a thirty-day
2 period, as prescribed by A.R.S. § 40-367.

3 RESPECTFULLY SUBMITTED this 24th day of September, 2010.

4
5
6 By: 
7 Deborah R. Scott
8 Attorney for Arizona Public Service Company

9 ORIGINAL and thirteen (13) copies
10 of the foregoing filed this 24th day of
11 September, 2010, with:

12 Docket Control
13 ARIZONA CORPORATION COMMISSION
14 1200 West Washington Street
15 Phoenix, Arizona 85007

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EXHIBIT A

APS's Proposed Green Power Rate Method

The proposed Green Power Rates are based on existing APS renewable generation costs from 2011 through 2013, or the equivalent of \$19.8 million of above-market costs for renewable projects in operation as of August 2010. This \$19.8 million is calculated by multiplying the premium contract pricing for each operational renewable energy facility¹ by the amount of megawatt hours APS has contracted as the output of each facility. Those costs are then divided by 2011 through 2013 APS Existing Renewable Generation of 2,151,270,000 kilowatt hours (current operational projects as of August 2010) to derive a pricing per kilowatt hour of \$0.0092. A value for renewable energy program marketing of \$0.001 is then added to produce the final price of \$0.0102 per kilowatt hour for the 2011-2013 time period. This calculation will be performed again to adjust the Green Rate premium for 2014.

¹ Above-market avoided costs are calculated in dollars per megawatt hour.

EXHIBIT B



**ADJUSTMENT SCHEDULE GPS-1
GREEN POWER BLOCK SCHEDULE**

APPLICATION

Adjustment Schedule GPS-1 ("GPS-1") shall be applied to Standard Offer customers who wish to purchase electricity generated from renewable sources for their homes and/or businesses. All provisions of the customer's current applicable rate schedule will apply in addition to this surcharge. However, the charges in Adjustment Schedule EIS and Adjustment Schedule RES, or successor schedules as approved by the Arizona Corporation Commission, will not apply to the Green Power kWh served in accordance with GPS-1, up to 100% of the customer's total monthly kWh supplied by the Company.

Electricity from renewable sources shall be referred to herein as "Green Power". Green Power may be:

1. Company-owned generation using eligible renewable resources as defined by the Renewable Energy Standard rules (A.A.C. R14-2-1802 and successors).
2. Generation not owned by the Company, but owned by another party for which the Company has contracted using eligible renewable resources as defined by the Renewable Energy Standard rules (A.A.C. R14-2-1802 and successors).

TYPE OF SERVICE

The Company will offer electricity generated from renewable resources delivered through the Company's electric distribution system.

Effective October 1, 2009, the Company, at its discretion, may limit the number of kWh blocks sold to any one customer to no more than five percent of total Green Power procured for service under schedules GPS-1, GPS-2, and GPS3.

The customer shall subscribe for a specific number of blocks of electricity generated from renewable resources. Each block shall equal 100 kWh per month. The monthly charge is based upon the number of blocks subscribed for by the customer.

The Company shall limit the participation in GPS-1 based on the Green Power available to provide service under this rate schedule.

Customers are required to subscribe for a minimum of one year, but can commit to subscribe for a longer period at their discretion. Charges under this schedule will be adjusted no sooner than January 1, 2014 annually with Commission approval. Customers may cancel GPS-1 service if the charges increase during the one year or longer commitment period.

GPS-1 may not be used in conjunction with rate schedules GPS-2, Solar-2, Solar-3, or SP-1.

SERVICE CHARGES

Service under this rate schedule shall be billed the Green Power Block rate of ~~\$1.020-40~~ per month for each 100 kWh block of Green Power. This charge is based on the Green Power Premium rate of ~~\$0.01020-004~~ per kWh of Green Power times 100 kWh.

ARIZONA PUBLIC SERVICE COMPANY
Phoenix, Arizona
Filed by: David J. Rumolo
Title: Manager, Regulation and Pricing
Original Effective Date: July 1, 2007

A.C.C. No. ~~XXXX~~5744
Canceling A.C.C. No. 57145681
Adjustment Schedule GPS-1
Revision 24
Effective: ~~XXXXX~~October 1, 2009

EXHIBIT C



**ADJUSTMENT SCHEDULE GPS-2
GREEN POWER PERCENT SCHEDULE**

APPLICATION

Adjustment Schedule GPS-2 ("GPS-2") shall be applied to Standard Offer customers who wish to purchase electricity generated from renewable sources for their homes and/or businesses. All provisions of the customer's current applicable rate schedule will apply in addition to this surcharge. However, the charges in Adjustment Schedule EIS and Adjustment Schedule RES, or successor schedules as approved by the Arizona Corporation Commission, will not apply to the Green Power kWh served in accordance with GPS-2, up to 100% of the customer's total monthly kWh consumption.

Electricity from renewable sources shall be referred to herein as "Green Power". Green Power may be:

1. Company-owned generation using eligible renewable resources as defined by the Renewable Energy Standard rules (A.A.C. R14-2-1802 and successors).
2. Generation not owned by the Company, but owned by another party for which the Company has contracted using eligible renewable resources as defined by the Renewable Energy Standard rules (A.A.C. R14-2-1802 and successors).

TYPE OF SERVICE

The Company will offer Green Power through the Company's electric distribution system.

Effective October 1, 2009 the Company, at its discretion, may limit the kWh sold to any one customer to no more than five percent of total Green Power procured for service under schedules GPS-1, GPS-2, and GPS-3. The Company shall limit the participation in GPS-2 based on the Green Power available to provide service under this rate schedule.

Customers are required to subscribe for a minimum of one year, but can commit to subscribe for a longer period at their discretion. Charges under this schedule will be adjusted no sooner than January 1, 2014 annually with Commission approval. Customers may cancel GPS-2 service if the charges increase during the one year or longer commitment period.

GPS-2 may not be used in conjunction with rate schedules GPS-1, Solar-2, Solar-3, or SP-1.

SERVICE CHARGES

Four options are available. The charges hereunder represent charges to be added to energy charges (\$/kWh basis) under the customer's applicable rate schedule and applied to the customer's total monthly kWh (including non-Green Power kWh, if any) supplied by the Company. The charges are based on the Green Power Premium rate of \$0.01020-004 per kWh of Green Power.

- A. Green Power shall account for 100.0% of the total monthly kWh supplied by the Company.
Additional Charge per kWh: \$0.01020-004
- B. Green Power shall account for 50.0% of the total monthly kWh supplied by the Company.
Additional Charge per kWh: \$0.00510-002
- C. Green Power shall account for 35.0% of the total monthly kWh supplied by the Company.
Additional Charge per kWh: \$0.00360-0014
- D. Green Power shall account for 10.0% of the total monthly kWh supplied by the Company. This option is not available to residential customers.
Additional Charge per kWh: \$0.00100-0004

EXHIBIT D



**ADJUSTMENT SCHEDULE GPS-3
GREEN POWER BLOCK SCHEDULE
FOR SPECIAL EVENTS**

APPLICATION

Adjustment Schedule GPS-3 ("GPS-3") shall be applied to Standard Offer customers who wish to purchase electricity generated from renewable sources for their Green Event. A Green Event is temporary in nature and includes, but is not limited to, concerts, sporting events, festivals, fairs, which can be held over single or contiguous multiple days at single or multiple sites. All provisions of the customer's current applicable rate schedule will apply in addition to this surcharge. However, the charges in Adjustment Schedule EIS and Adjustment Schedule RES, or successor schedules as approved by the Arizona Corporation Commission, will not apply to the Green Power kWh served in accordance with GPS-3, up to 100% of the customer's total monthly kWh supplied by the Company. For purposes of this adjustment, the total Green Power kWh will apply in the month they are purchased.

Electricity from renewable sources shall be referred to herein as "Green Power." Green Power may be:

1. Company-owned generation using eligible renewable resources as defined by the Renewable Energy Standard rules (A.A.C. R14-2-1802 and successors).
2. Generation not owned by the Company, but owned by another party for which the Company has contracted using eligible renewable resources as defined by the Renewable Energy Standard rules (A.A.C. R14-2-1802 and successors).

TYPE OF SERVICE

The Company will offer electricity generated from renewable resources delivered through the Company's electric distribution system.

The Company shall limit the participation in GPS-3 based on the Green Power available to provide service under this rate schedule.

The Company, at its discretion, may limit the number of kWh blocks sold to any one customer to no more than five percent of total Green Power procured for service under schedules GPS-1, GPS-2 and GPS-3.

Each block shall equal 100 kWh subscribed for by the customer.

Charges under this schedule will be adjusted no sooner than January 1, 2014 annually with Commission approval.

Because rate schedule GPS-3 is for a temporary event, Section 3.3 of APS' Schedule 1 shall not apply.

SERVICE CHARGES

Service under this rate schedule shall be billed the Green Power Block rate of \$1,020.40 for each 100 kWh block of Green Power for the duration of the special event. This charge is based on the Green Power Premium rate of \$0.01020.004 per kWh of Green Power times 100 kWh. Minimum purchase shall be \$500.00 per transaction.

ARIZONA PUBLIC SERVICE COMPANY

Phoenix, Arizona
Filed by: David J. Rumolo
Title: Manager, Regulation and Pricing
Original Effective Date: October 1, 2009

A.C.C. No. XXXX5746
Cancelling A.C.C. No. 5716
Adjustment Schedule GPS-3
Revision 1 Original
Effective: XXXXX October 1, 2009