

ORIGINAL

OPEN MEETING AGENDA ITEM



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BEFORE THE ARIZONA CORPORATION CO.
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Arizona Corporation Commission

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JAN 31 2011

COMMISSIONERS

GARY PIERCE - Chairman

BOB STUMP

SANDRA D. KENNEDY

PAUL NEWMAN

BRENDA BURNS

2011 JAN 31 P 3: 52

ARIZONA CORPORATION COMMISSION
DOCKET CONTROL

DOCKETED BY

IN THE MATTER OF THE APPLICATION OF
ARIZONA PUBLIC SERVICE COMPANY
FOR APPROVAL OF SCHOOLS AND
GOVERNMENT RENEWABLE PROGRAM
AND FOR APPROVAL OF ITS RENEWABLE
ENERGY STANDARD AND TARIFF
IMPLEMENTATION PLAN FOR 2011.

DOCKET NO. E-01345A-10-0166
DOCKET NO. E-01345A-10-0262

**NOTICE OF FILING
CONFORMING ORDER AMENDING
DECISION NO. 72022**

Attached for Commission consideration is a conforming order related to the Commission's amendment of Decision No. 72022 at its January 24 and 28, 2011 Open Meeting.

RESPECTFULLY SUBMITTED this 31st day of January, 2011.

Janice M. Alward, Chief Counsel
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1 **BEFORE THE ARIZONA CORPORATION COMMISSION**

2 COMMISSIONERS

3 GARY PIERCE - Chairman
4 BOB STUMP
5 SANDRA D. KENNEDY
6 PAUL NEWMAN
7 BRENDA BURNS

8 IN THE MATTER OF THE APPLICATIONS OF
9 ARIZONA PUBLIC SERVICE COMPANY FOR
10 APPROVAL OF SCHOOLS AND
11 GOVERNMENT RENEWABLE PROGRAM
12 AND FOR APPROVAL OF ITS RENEWABLE
13 ENERGY STANDARD AND TARIFF
14 IMPLEMENTATION PLAN FOR 2011.

DOCKET NO. E-01345A-10-0166
DOCKET NO. E-01345A-10-0262

DECISION NO. _____

**ORDER AMENDING
DECISION NO. 72022**

12 Special Open Meeting
13 January 24 and, 28 2011
14 Phoenix, Arizona

14 **BY THE COMMISSION:**

15 Having considered the entire record herein and being fully advised in the premises, the
16 Commission finds, concludes, and orders that:

17 **FINDINGS OF FACT**

18 1. On December 10, 2010, the Arizona Corporation Commission ("Commission") issued
19 Decision No. 72022 which approved Arizona Public Service Company's ("APS" or "Company")
20 Schools and Government Renewable Energy Program and the Company's Renewable Energy
21 Standard and Tariff ("REST") 2011 Implementation Plan, as modified therein.

22 2. On January 4, 2011, at its Staff Open Meeting, the Commission voted to reopen
23 Decision No. 72022, pursuant to A.R.S. § 40-252, for the limited purpose of considering amending
24 the Decision by reconsidering the following amendments discussed at the Commission's November
25 22 and 23, 2010, Open Meeting: Mayes Proposed Amendment No. 2; Pierce Proposed Amendment
26 No. 1; Newman Proposed Amendment No. 6; Pierce Proposed Amendment No. 3; and Mayes
27 Proposed Amendment No. 4. The motion passed by the Commission at the January 4, 2011, Staff
28 Open Meeting stated that the reopening of Decision No. 72022 would include "any germane

1 modifications or conforming changes related to the matters addressed by the amendments, provided
2 that any potential amendment will not result in a change to the overall REST budget approved in
3 Decision No. 72022.” (Recording of Discussion at January 4, 2011, Staff Open Meeting.)

4 3. During the discussion at the January 4, 2011, Staff Open Meeting, the Commissioners
5 indicated that a hearing on this matter would be conducted at a Special Open Meeting to tentatively
6 be scheduled during the week of January 17, 2011. The Commissioners directed the Hearing
7 Division to issue a Procedural Order inviting interested parties to file comments prior to the hearing
8 and Special Open Meeting. The Commissioners also stated that additional verbal testimony would be
9 taken at the hearing, and that an Administrative Law Judge would preside over the taking of
10 additional testimony. Finally, the Commissioners indicated that at the conclusion of the hearing,
11 deliberations would commence to consider the amendments cited above including any germane
12 modifications or conforming changes related to the matters addressed by the amendments, in
13 accordance with the motion passed at the January 4, 2011, Staff Open Meeting.

14 4. On January 6, 2011, the Commission noticed this matter for hearing at a Special Open
15 Meeting to be conducted on January 18, 2011, at 9:30 a.m.

16 5. On January 7, 2011, a Procedural Order was issued encouraging all interested parties
17 wishing to comment to file comments, or a summary of comments, in writing, by no later than
18 January 13, 2011, in accordance with the limited reopening of Decision No. 72022 under A.R.S. §
19 40-252, as adopted at the January 4, 2011, Staff Open Meeting. The Procedural Order stated that
20 additional verbal testimony would be taken at the January 18, 2011 hearing, and that an
21 administrative law judge would preside over the taking of the additional testimony and that at the
22 conclusion of the hearing on January 18, 2011, the Commission would commence deliberations to
23 consider the amendments cited above, including any germane modifications or conforming changes
24 related to the matters addressed by the amendments, in accordance with the motion passed by the
25 Commission at the January 4, 2011, Staff Open Meeting.

26 6. On January 10, 2011, Commissioner Newman filed a letter requesting that
27 consideration of this matter be delayed.

28

1 7. On January 13, 2011, the Commission noticed the rescheduling of this matter for
2 hearing and consideration at a Special Open Meeting to be conducted on January 24, 2011, at 10:00
3 a.m.

4 8. On January 13, 2011, APS and the Solar Alliance filed Comments regarding the
5 limited reopening of Decision No. 72022 under A.R.S. § 40-252.

6 9. At the conclusion of the January 24, 2011 Open Meeting, the Open Meeting was
7 recessed to continue on January 28, 2011.

8 10. At the January 24 and 28, 2011, Special Open Meeting, the Commission conducted a
9 hearing and received additional information regarding this matter, and voted to amend Decision No.
10 72022 as described in Findings of Fact 11-15 below.

11 11. The Commission finds it is reasonable and in the public interest to amend Decision
12 No. 72022 to disallow APS' Powerful Communities Program and continue to authorize the APS'
13 Small Generator Standard Offer Program as follows:

14 **Page 9, line 26**

15 *DELETE Finding of Fact No. 35 and INSERT Finding of Fact:*

16 *"Although APS included the Small Generator Standard Offer ("SGSO") Program*
17 *in its Feed-In Tariff Program, we do not agree that the SGSO Program is a true*
18 *feed-in tariff. A feed-in tariff is typically defined as "an obligation on an electric*
19 *distribution utility to purchase electricity from an eligible renewable energy seller*
20 *at specified prices for a specific duration." Since the winning projects selected*
under the SGSO Program are the lowest bidders in a very competitive Request for
Proposals bid, the SGSO fails to meet the feed-in tariff definition. We therefore do
not object to the funding of the APS SGSO Program."

21 **Page 20, line 28**

22 *DELETE line 28 beginning with "except that we believe . . ." through Page 21,*
line 10.

23 **Page 27, line 17**

24 *DELETE line 16 beginning with "except that we believe . . ." through line 25.*

25 **Page 28, line 6**

26 *DELETE lines 6 through 10.*

27 12. The Commission finds it is reasonable and in the public interest to amend Decision
28 No. 72022 to modify APS' Schools and Government Program to add three parameters for each

1 project as follows:

2 **Page 28, Line 22, INSERT the following:**

3 *It is further ordered that the utility-ownership option of the APS Schools and*
4 *Government Program is subject to the following three parameters for each*
5 *project:*

6 1) *The school must be an economically challenged school.*
7 *“Economically-challenged” is defined as a school with a per pupil available*
8 *bonding capacity of \$8,000 or less and 60% or more of its students are*
9 *participating in free or reduced lunch programs.*

10 2) *The area in which the school is located must be classified by the*
11 *Census Bureau as rural.*

12 3) *The school will present APS with a proposal from a third-party*
13 *solar installer not affiliated with APS.*

14 13. The Commission finds it is reasonable and in the public interest to amend Decision
15 No. 72022 to approve APS’ Rapid Reservation Program as follows:

16 **Page 17, line 1**

17 *DELETE line 1 beginning with “However,” through line 5.*

18 **Page 19, line 4**

19 *DELETE line 4 beginning with “Although we appreciate . . .” through line 6.*

20 **Page 26, line 17**

21 *DELETE Ordering Paragraph on lines 17 through 19 and INSERT the following:*

22 *“IT IS FURTHER ORDERED that the rapid reservation program is approved,*
23 *as proposed.”*

24 14. The Commission finds it is reasonable and in the public interest to amend Decision
25 No. 72022 to modify APS’ Marketing and Outreach budget as follows:

26 **Page 17, line 21**

27 *INSERT new Finding of Fact:*

28 *“We will tentatively approve a “marketing and outreach” budget for APS of \$4.3*
million, but in light of the long waiting lines for residential and non-residential
distributed systems, we will require APS to spend no more than 69 percent of its
marketing and outreach budget before July 1, 2011. If funding for residential PV
systems is exhausted on or before June 30, 2011, APS shall reallocate seventy-five
percent of the funds remaining in its marketing and outreach budget to supplement

1 the \$2.5 million budget for its Rapid Reservation program. As stated above, any
2 excess funds in the Rapid Reservation program that have not been committed by
3 September 30, 2011 will revert to regular residential incentives for use on or after
4 October 1, 2011.”

5 **Page 9, line 13**

6 *INSERT new Ordering Paragraph:*

7 *“IT IS FURTHER ORDERED that APS shall not spend more than 69 percent of its*
8 *marketing and outreach budget before July 1, 2011. If funding for residential PV*
9 *systems is exhausted on or before June 30, 2011, APS shall reallocate seventy-five*
10 *percent of the funds remaining in its marketing and outreach budget to*
11 *supplement the \$2.5 million budget for its Rapid Reservation program.”*

12 15. The Commission finds it is reasonable and in the public interest to amend Decision
13 No. 72022 to modify APS’ studies concerning the water-energy nexus as follows:

14 **Page 22, line 1**

15 *DELETE Finding of Fact No. 95 (lines 1 - 24) and INSERT the following new*
16 *Finding of Fact:*

17 *“During the November 22 and 23, 2010 Open Meeting, Eran Mahrer expressed*
18 *his view on behalf of APS that studies of the water-energy nexus and of increasing*
19 *the renewable energy standard in Arizona are “integral to the integrated resource*
20 *planning” process. These two studies are more relevant to APS’ integrated*
21 *resource planning process than to its 2011 Renewable Implementation Plan. APS*
22 *is welcome to address these issues when it files its integrated resource plan with*
23 *the Commission later this year. If APS intends to seek cost-recovery for*
24 *commissioning studies on these issues, it should first inform the Commission of the*
25 *amount and the manner in which APS proposes to seek cost recovery.”*

26 **Page 28, line 13**

27 *DELETE Ordering Paragraph at line 13- 15.*

28 **CONCLUSIONS OF LAW**

1. APS is a public service corporation within the meaning of Article XV, Section 2, of
the Arizona Constitution.

2. The Commission has jurisdiction over APS and over the subject matter of the issues
addressed herein.

3. It is reasonable and in the public interest to amend Decision No. 72022, pursuant to
the authority granted by A.R.S. § 40-252, in the manner described herein.

ORDER

IT IS THEREFORE ORDERED that Decision No. 72022 is hereby amended as described hereinabove.

IT IS FURTHER ORDERED that in all other respects, Decision No. 72022 shall remain in full force and effect.

IT IS FURTHER ORDERED that this Decision shall become effective immediately.

BY ORDER OF THE ARIZONA CORPORATION COMMISSION.

CHAIRMAN

COMMISSIONER

COMMISSIONER

COMMISSIONER

COMMISSIONER

IN WITNESS WHEREOF, I, ERNEST G. JOHNSON
Executive Director of the Arizona Corporation Commission,
have hereunto set my hand and caused the official seal of the
Commission to be affixed at the Capitol, in the City of Phoenix,
this _____ day of _____, 2011.

ERNEST G. JOHNSON
EXECUTIVE DIRECTOR

DISSENT _____

DISSENT _____