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Revised PIERCE PROPOSED AMENDMENT # 2

TIME/DATE PREPARED: December 9, 2011

COMPANY: Arizona Public Service Company AGENDA ITEM NO.: U-14

RECEIVED 2011 DEC 14 A 11:40

DOCKET NO.: E-01345A-11-0264 OPEN MEETING: DATE: December 13/14, 2011

AZ CORP COMMISSION DOCKET CONTROL

Page 5, Line 6

DELETE beginning at "Staff" through the end of the sentence and INSERT "we believe that rather than the \$1.30 per watt incentive proposed by APS on July 1, 2011, incentive should be set at \$0.75 per watt on January 1, 2012."

Page 5, Line 11

STRIKE "Under Staff's proposal" through Page 6, Line 3 and INSERT:

The trigger mechanism shall work as follows. All PV UFIs will be reduced to \$0.60 per watt if 25% of residential PV incentive funds are reserved on or before March 31, 2012. The second would trigger, if 50% of the budget is reserved prior to June 30, 2012, reduce the incentive by \$0.20 per Watt if the trigger level is reached within 30 days of the last trigger activation, reduce the incentive by \$0.10 per Watt if the trigger level is reached between 31 and 60 days of the last trigger activation, or \$0.05 per Watt if the trigger level is reached between 61 to 90 days of the last trigger activation.

The third trigger would involve a step-down in the incentive if 75% of PV incentive funding is reserved on or before September 30, 2012. The PV incentive would reduce by \$0.20 per Watt if the trigger level is reached within 30 days of the last trigger activation, reduce the incentive by \$0.10 per Watt if the trigger level is reached between 31 and 60 days of the last trigger activation, or \$0.05 per Watt if the trigger level is reached between 61 to 90 days of the last trigger activation.

If 90% of the budget is reserved on or before November 1 2012, the PV incentive will reduce by \$0.20 per Watt.

The chart below lays out how the overall trigger mechanism will work.

Arizona Corporation Commission  
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<b>THIS AMENDMENT:</b>			
<input type="checkbox"/>	Passed	<input type="checkbox"/>	Passed as amended by <input type="checkbox"/>
<input type="checkbox"/>	Failed	<input type="checkbox"/>	Not Offered
<input type="checkbox"/>		<input type="checkbox"/>	Withdrawn

Date of Trigger	Reservations to Activate Trigger	Rules for Incentive Reductions
On or before March 31, 2012	25%	If the trigger is activated there will be a \$0.15/Watt incentive decline.
On or before June 30, 2012	50%	If the trigger is activated within 30 days of the last trigger activation there will be a \$0.20/Watt incentive decline, 31-60 days a \$0.10/Watt incentive decline, over 60 days \$0.05/Watt incentive decline
On or before September 30, 2012	75%	If the trigger is activated within 30 days of the last trigger activation there will be a \$0.20/Watt incentive decline, 31-60 days a \$0.10/Watt incentive decline, over 60 days \$0.05/Watt incentive decline.
On or before November 1, 2012	90%	If the existing incentive is greater than \$0.35 per Watt, the incentive will reduce to \$0.20 per Watt. If the existing incentive is less than or equal to \$0.35 the incentive will decline to \$0.10 per Watt.

**Page 6, Line 11**

DELETE beginning "\$0.70 per watt" through the end of sentence and INSERT "then prevailing incentive level."

**Page 6, Line 19**

DELETE sentence beginning "Staff proposes" and INSERT "We will reduce the non-residential Up-Front Incentive from \$1.75 per watt to \$0.60 per watt. If residential up-front incentives are reduced below \$0.60 per watt in 2012, then non-residential up-front incentives will be reduced to match the reduced residential incentives at the time each reduction to the residential incentive is made."

Conforming changes.

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