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**BEFORE THE ARIZONA CORPORATION COMMISSION**

Arizona Corporation Commission

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 10 GARY PIERCE  
 11 BRENDA BURNS  
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 13 SUSAN BITTER SMITH

JUL 12 2013

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14 IN THE MATTER OF THE APPLICATION  
 15 OF ARIZONA PUBLIC SERVICE  
 16 COMPANY FOR APPROVAL OF ITS 2014  
 17 RENEWABLE ENERGY STANDARD  
 18 IMPLEMENTATION PLAN FOR RESET  
 19 OF RENEWABLE ENERGY ADJUSTOR

DOCKET NO. E-01345A-13-0140

APPLICATION

20 The attached 2014 – 2018 Renewable Energy Standard (“RES”) Implementation  
 21 Plan (“2014 RES Plan” or “Plan”) continues APS’s commitment to meet the renewable  
 22 energy targets established by the RES as well as the Company’s obligations under its  
 23 2009 Rate Case Settlement (“2009 Settlement”). See Decision No. 71448 (Dec. 30,  
 24 2009). APS’s 2014 RES Plan does not propose any new programs. Instead, the Plan  
 25 seeks only the incremental funding needed to fulfill previously approved projects and  
 26 commitments consistent with prior Commission orders. APS submits its 2014 RES Plan  
 27 (attached as Exhibit A) pursuant to A.A.C. R14-2-1813 and in accordance with the  
 28 standardized reporting format developed pursuant to Decision No. 72737 (Jan. 18,  
 2012). Also attached, in accordance with Decision No. 72022, is a two-page summary  
 of the Plan (Exhibit B) and a PowerPoint presentation describing the Plan (Exhibit C).

1 The Plan outlines APS's on-track performance to meet the RES as well as the  
2 Company's renewable energy commitments contained in the 2009 Settlement and  
3 includes the following:

- 4 • Plans to continue all previously authorized programs and commitments;
- 5 • A proposal to expand the RES adjustor categories from three to five to  
6 better match various commercial customer segments and improve  
7 proportionality;
- 8 • A request for minor revisions to the Distributed Energy Administrative  
9 Plan ("DEAP") to conform to current conditions; and
- 10 • A request for budget approval to continue all previously authorized  
11 programs and commitments in the total amount of \$143 million for 2014  
12 and a request for approval to collect \$114 million through the RES  
13 adjustor in 2014, while retaining the flexibility to modify upfront  
14 incentives as discussed in APS's net metering proposal.

13 **I. APS'S PLAN PROPOSES TO CONTINUE AUTHORIZED PROGRAMS**  
14 **AND COMMITMENTS**

15 This Plan allows APS to stay on track to meet the RES and its 2009 Settlement  
16 obligations. Specifically, APS's Plan continues existing authorized programs and  
17 commitments, including the following:

- 18 • PPA contract commitments (\$50.6 million in 2014)
- 19 • PBI contract obligations (\$40.1 million in 2014)
- 20 • AZ Sun revenue requirements (\$36.2 million in 2014)

21 In addition, the Plan outlines APS's intent to move ahead with RFPs, sign  
22 contracts and begin construction on the final 50 MW of the AZ Sun program in 2014.  
23 The final 50 MW of AZ Sun is anticipated to include the following: 10 MW at Luke Air  
24 Force Base, 10 MW at City of Phoenix, and 30 MW at APS's Redhawk facility. These  
25 projects are necessary for APS to meet its RES and 2009 Settlement obligations and by  
26 continuing development of these projects in 2014, APS will meet its obligations in 2015.  
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1 The Plan outlines these projects and APS's plans to complete these projects in 2014 and  
2 2015 consistent with prior authorizations.

3 **II. EXPANDING THE CURRENT THREE RES CUSTOMER CATEGORIES**  
4 **INTO MORE DISTINCT CATEGORIES**

5 Consistent with prior direction received from the Commission in Decision 73636,  
6 APS proposes to divide the commercial surcharge category into three segments resulting  
7 in five separate categories overall: residential, small commercial, medium commercial,  
8 large commercial and industrial.<sup>1</sup> The proposed three commercial categories divide  
9 APS's commercial customers into segments based on rate class. The small commercial  
10 category includes both extra small and small classes, as well as churches. The medium  
11 commercial category includes medium commercial rate classes. And the large  
12 commercial category includes customers taking service under APS's large commercial  
13 rate schedules. These proposed categories are designed to better match the surcharge to  
14 a customer's energy consumption. Figure D on page 13 of The Plan outlines the five  
15 proposed categories and includes examples of possible cost recovery allocations within  
16 these categories for the Commission's consideration. As a comparison, Figure D also  
17 includes the current categories and cost allocation method used today applied to the  
18 2014 budget.

19 **III. APS PROPOSES MINOR REVISIONS TO THE DEAP TO REFLECT**  
20 **CURRENT CONDITIONS**

21 The DEAP contains program guidelines for APS's DE programs. APS proposes  
22 a number of revisions to the DEAP to reflect current program and market conditions,  
23 including the deployment of production meters and the lack of an active distributed  
24 energy direct cash incentive program. Neither the Plan, nor this Application, requests  
25 any new incentives for distributed generation. Nor do they include APS's proposed net  
26 metering solutions. APS proposes net metering solutions and supports direct cash  
27

28 <sup>1</sup> Customers receiving direct cash incentives are required to pay the average cap for the relevant customer category.  
*See* Decision No. 73660 (Feb. 6, 2013).

1 incentives as part of those solutions in a separate net metering docket opened the same  
2 day as this filing.<sup>2</sup> The revised DEAP also clarifies that even absent direct cash  
3 incentives, APS's interconnection requirements for distributed energy continue to apply  
4 for all grid-tied renewable projects and that interconnection customers must comply with  
5 applicable portions of the DEAP. A complete list of the proposed changes to the DEAP  
6 is found on page 9 of the Plan.

7 **IV. APS'S PLAN PROPOSES A BUDGET AND RES ADJUSTOR TO**  
8 **SUPPORT ALL CURRENTLY APPROVED PROJECTS AND**  
9 **COMMITMENTS**

10 **a. Proposed 2014 Budget**

11 As APS's renewable-related requirements continue to increase, the cost  
12 associated with meeting those requirements increases as well. As discussed in its Plan,  
13 APS forecasts that it will be in a position to meet those requirements by continuing its  
14 previously authorized programs and commitments, including PBI legacy payments,  
15 PPAs, and the AZ Sun program, among others. As APS's prior filings have indicated,  
16 funding the authorized programs requires near-term budget increases in 2014 and 2015,  
17 after which the RES budget is projected to decline. APS requires a total 2014 RES  
18 budget of approximately \$143 million. As part of standard program management  
19 practice and to moderate the 2014 budget impact on customers, APS intends to apply the  
20 following budget offsets that will reduce the amount APS must collect through the RES  
21 adjutor for 2014 to approximately \$114 million.

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28 <sup>2</sup> To the extent APS's net metering proposal results in a decision regarding DE incentives, APS supports leaving this RES docket open for the limited purpose of implementing any such DE incentive decision.

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**b. Reallocation of Program Funds**

A total of approximately \$28.5 million is available to be reallocated to mitigate the effects of the 2014 and 2015 budgets and to correspondingly reduce the amount of funds that needs to be collected through the RES adjustor. In its 2013 RES Plan, APS applied a portion of the Company’s unallocated existing program funds as a direct offset to the 2013 RES budget. As in 2013, APS will apply the remainder of these previously identified, unallocated funds as well as additional unallocated funds, to reduce its 2014 and 2015 budgets. Specifically, APS’s 2012 RES Compliance Report identified \$8.5 million in prior year unallocated funds that APS will apply as an offset to its 2014 and 2015 budgets. In addition, another approximately \$20 million is available for budget offsets in 2014 and 2015 due to variances in power purchase costs, programs being completed under budget, rate program revenues, project cancellations and rollover funds. APS proposes to apply half of the \$28.5 million to support the 2014 budget and half towards supporting the 2015 budget in order to minimize year over year budget impacts on customers.

**c. Production Tax Credits (“PTCs”) from AZ Sun**

As discussed in the Plan, APS receives PTCs from the state of Arizona due to its ownership of AZ Sun projects. These PTCs vary from year to year depending primarily on , actual energy production. APS projects that it will receive approximately \$8.2 million in PTCs for AZ Sun in 2014. APS intends to apply these funds to its 2014 budget to reduce the amount that must be collected through the RES adjustor.

**V. CONCLUSION**

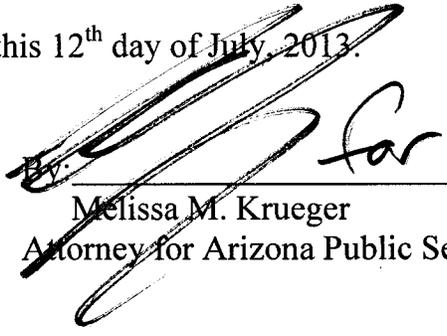
In short, APS’s 2014 RES Plan provides continued support and funding for all previously approved RES programs and commitments that will enable APS to meet its obligations under the RES and 2009 Settlement while moderating incremental rate impact. Accordingly, APS requests that the Commission:

- 1. Approve APS’s 2014 RES Plan;

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2. Approve the proposed expansion of the RES surcharge categories from 3 to 5 as discussed herein;
3. Leave this docket open for the limited purpose of implementing any decision regarding direct cash incentives made in APS's separate net metering docket, to the extent necessary;
4. Approve the proposed revisions to the DEAP; and
5. Approve a 2014 RES budget that (i) supports APS's continued progress toward meeting the RES and its 2009 Settlement obligation, (ii) allows APS to continue all approved programs and commitments, including 50 MW of AZ Sun, and (iii) allows the offsets and reallocations of funds proposed in the Plan.

RESPECTFULLY SUBMITTED this 12<sup>th</sup> day of July, 2013.

  
By: \_\_\_\_\_  
Melissa M. Krueger  
Attorney for Arizona Public Service Company

ORIGINAL and thirteen (13) copies of the foregoing filed this 12<sup>th</sup> day of July, 2013, with:

Docket Control  
ARIZONA CORPORATION COMMISSION  
1200 West Washington Street  
Phoenix, Arizona 85007

  
\_\_\_\_\_  
Crista Wolcove

**Exhibit A**

**APS Renewable Energy Standard  
Implementation Plan 2014-2018**

aps

**Renewable Energy Standard  
Implementation Plan 2014 – 2018**

July 12, 2013

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## **i. Executive Summary**

The 2014-2018 Renewable Energy Standard (RES) Implementation Plan ("Plan") primarily requests funding approval for existing fixed budget program commitments and deployment of previously approved programs. No new programs or resources beyond those approved in prior Commission decisions are requested.

APS is required by the RES to achieve 4.5 percent of retail sales with renewable resources by 2014, increasing annually to 8.0 percent in 2018. In addition, APS anticipates it will achieve compliance with its renewable energy obligation in 2015 in accordance with APS's 2009 Settlement Agreement (2009 Settlement),<sup>1</sup> provided all the resources discussed herein are continued as previously approved in prior Commission Decisions. The 2009 Settlement required, among other provisions, "that Arizona Public Service Company shall acquire new renewable energy resources with annual generation or savings of at least 1.7 million Megawatt hours to be in service by 2015..."<sup>2</sup> It further states that "These new resources shall be in addition to existing resources or commitments as of the end of 2008, as identified in APS's 2008 RES Compliance Report..."<sup>3</sup>

### **Authorized Programs**

#### *Renewable Generation*

At the end of 2015, APS expects to have a total of approximately 1250 MW of installed renewable capacity within its service territory, including approximately 920 MW of solar capacity from both Renewable Generation (RG) and distributed energy (DE) projects.

In 2014, APS expects the first full year of production from the Tonopah and Maricopa County solar generating stations (15 MW each) and utility-scale Power Purchase Agreements (PPAs) developed through the Small Generator RFP program, along with APS's Hyder II (14 MW) and the second phase of the Company's Foothills (18 MW) solar generating station. The Solana generating station, a 250 MW Concentrating Solar Power (CSP) plant, will also have its first full year of energy production in 2014. APS also expects its 32 MW Gila Bend solar generating station to reach commercial operation in June, 2014.

APS's 2015 renewable energy obligations are expected to be met in part with the final 50 MW of AZ Sun projects, as approved in Decision Nos. 71502 and 72737, for which sites have been identified and pre-development has started. APS anticipates conducting the final RFPs, signing contracts, and beginning construction of these projects in 2014 to be in-service in 2015. These projects include a 10MW project with Luke Air Force Base (for which the Department of Defense has recently completed pre-development land preparation), a 10MW project with the City of Phoenix (a landfill solar partnership with Phoenix and the Town of Buckeye), and a 30MW project at APS's Redhawk plant (for which an interconnection study has been completed).

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<sup>1</sup> Decision No. 71448 (December 30, 2009).

<sup>2</sup> *See, Id.*

<sup>3</sup> *Id.*

## *Distributed Energy*

As of the time of this filing, APS's residential incentive budgets (grid-tied photovoltaic (PV), Homebuilder, and non-PV technologies) each have slightly under one half of their 2013 budgets remaining. APS estimates it will end 2013 with over 5,000 new DE system installations and over 70 MWac of newly installed DE capacity for the year – split approximately evenly between residential and non-residential systems. Through May 2013, 67 non-residential PV systems for 3.8 MWac and 54 residential PV systems for 280 kWac have been installed and interconnected without receiving a direct cash incentive.

APS currently forecasts installations resulting from already approved incentive budgets will allow the Company to be in compliance with residential DE requirements through 2016 and non-residential requirements through 2020. APS requests no new incentives in the 2014 Plan and requests that any decision on cash incentives be determined through the Company's request for rooftop solar and net metering solutions.<sup>4</sup>

Pursuant to Decision No. 72737 and for purposes of tracking data for RES compliance, APS will install over 11,000 production meters in 2013 and is projecting installation of an additional 13,000 production meters in 2014.

APS is requesting minor modifications to the Distributed Energy Administration Plan which include clarifications that even absent an active incentive program, customers must still comply with specific requirements to interconnect to the APS electrical grid.

### **Budget**

The budget for APS's 2014 Plan consists primarily of funding for previously authorized programs (including PBI legacy payments), purchased power and revenue requirement costs, and other previously approved initiatives.

In an effort to mitigate the impact to adjustor surcharges,<sup>5</sup> the 2014 budget reflects offsets due to variances in power purchase costs, programs being completed under budget, rate program revenues, cancellation of prior authorized contracts, and rollover funds.

In 2014, APS expects the total budget for PBI and other DE legacy costs, PPA projects, and APS-owned projects to increase in 2014 and 2015 before declining in 2016 and 2017.<sup>6</sup> The total base RES budget in 2014 is \$143 million and the five year total for the 2014-2018 Plan is projected to be \$632.7 million, not including any funding offsets.

### *RES Adjustor*

In Decision No. 73636, the Commission ordered APS to study and propose expansion of the current RES adjustor customer classes into more distinct categories. APS proposes a five-category approach that would divide the current commercial class into three distinct groups

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<sup>4</sup> The rooftop solar and net metering solutions request was filed on July 12, 2013.

<sup>5</sup> The 2013 RES budget was approximately \$102 million, per Decision No. 73636, January 31, 2013.

<sup>6</sup> This assumes a mid-2016 rate case adjudication.

as shown in Figure D (page 12). Because there are a variety of ways cost recovery could be distributed across these customer classes, APS is providing examples of possible allocations to each proposed category for the Commission's consideration.

## **I. Introduction**

The 2014-2018 Renewable Energy Standard (RES) Implementation Plan ("Plan") primarily requests funding approval for existing program commitments and deployment of previously approved programs. No new programs or resources beyond those approved in prior Commission decisions are requested. APS expects to achieve compliance with its 2014 RES requirements and maintain its renewable energy obligations in 2015 in accordance with APS's 2009 Settlement Agreement (2009 Settlement),<sup>7</sup> provided all the resources discussed herein are continued as previously approved in prior Commission Decisions.

The 2014 Plan provides an update on: 1) APS's renewable programs, including customer incentive programs, generation projects, production meter installations, and Green Choice rates, and 2) APS's supporting budget requirements.

### **A. Standardized Reporting Format**

Decision No. 72737<sup>8</sup> required Arizona Public Service ("APS" or "Company") to submit a report for approval regarding the Company's joint RES Plan formatting efforts with Tucson Electric Power (TEP) and in consultation with other state utility representatives and industry stakeholders. This document complies with the new format (see Exhibits 3A and 4B) and reports additional information specific to APS's programs to inform the Commission of the Company's 2014-2018 RES program status.

### **B. Renewable Energy Requirements**

#### **1. 2014-2018 RES Requirement**

The Arizona RES was established in August 2007, and requires APS to file a Plan each year for review and approval by the Commission.<sup>9</sup> The Plan describes the Company's strategy to meet the requirements of the RES for the next five calendar years, identifying the eligible technologies, the expected schedule for the resource incorporation on a year-by-year basis, and the megawatts (MW) and megawatt-hours (MWh) expected to be added to the APS portfolio by the incorporation of those resources. Further, the RES provides that implementation of the approved Plan by the utility shall serve to measure the utility's compliance with the RES.

APS has prepared this Plan for the five year period 2014-2018 in compliance with the RES Rules. The RES requires that affected utilities satisfy an annual renewable energy requirement by providing a percentage of their electric retail sales from renewable resources. The required percentage for the current implementation period begins at 4.5 percent in 2014 and increases to 8.0 percent in 2018. That minimum percentage increases to 15 percent of the utility's total retail sales by the year 2025.

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<sup>7</sup> Decision No. 71448 (December 30, 2009).

<sup>8</sup> January 18, 2012.

<sup>9</sup> A.A.C. R14-2-1801 et. seq.

As of the time of this filing, Docket No. E-01345A-12-0290<sup>10</sup> is currently pending and addresses how RES compliance with the Distributed Energy (DE) obligation can be met absent direct cash incentives. Any action taken by the Arizona Corporation Commission ("ACC" or "Commission") in the aforementioned docket may affect the Company's RES compliance reporting moving forward. Accordingly, the Commission has requested that APS include information in its Plan on the Company's compliance standing both with and without being able to record renewable energy installed independently by a customer without receiving a direct cash incentive (described herein as "Independent Installations"). Exhibits 3B and 3C identify renewable energy under both scenarios requested by the Commission. Other energy exhibits in this Plan show existing and projected independent installations, but this energy is not used in reporting renewable resources available to meet RES compliance needs.

## 2. 2009 Settlement Agreement Requirements

The Company's 2009 Settlement<sup>11</sup> adopted provisions that exceed the requirements of the Arizona RES. The 2009 Settlement required, among other provisions, "that Arizona Public Service Company shall acquire new renewable energy resources with annual generation or savings of at least 1.7 million Megawatt hours to be in service by 2015..."<sup>12</sup> It further states that "These new resources shall be in addition to existing resources or commitments as of the end of 2008, as identified in APS's 2008 RES Compliance Report..."<sup>13</sup> As a result of current economic and sales forecasts, APS expects approximately 12 percent of the Company's retail sales will be met by renewable resources by year end 2015, more than double the 2015 RES requirement of five percent of retail sales.

## II. Authorized Programs

APS's renewable generation and distributed energy program elements have been authorized through prior Commission orders and are continued through approval of APS's annual Plan filings.

### A. Renewable Generation

RG resources within the APS portfolio are generally larger-scale renewable resources that serve the energy demand of all APS customers. These resources are part of the Company's energy portfolio as acknowledged by the Commission in the Company's 2012 Integrated Resource Plan<sup>14</sup> and are applied to APS's overall RES requirements. APS is required to include estimated pricing information related to RG projects. Similar to prior Plans, APS has included a redacted version of the information in Exhibits 3B and 3D and is providing un-redacted pricing information directly to the Commission.

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<sup>10</sup> Track and Record hearings, in the matter of APS's 2013 RES Implementation Plan.

<sup>11</sup> Decision No. 71448 (December 30, 2009).

<sup>12</sup> *Id.*

<sup>13</sup> *Id.*

<sup>14</sup> Docket No. E-0000A-11-0113, filed in compliance with Ariz. Admin. Code R14-2-703.

In 2014, APS expects the first full year of production from the Tonopah and Maricopa County solar generating stations (15 MW each) and utility-scale Power Purchase Agreements (PPAs) developed through the Small Generator RFP program, along with APS's Hyder II (14 MW) and the second phase of the Company's Foothills (18 MW) solar generating station. The Solana generating station, a 250 MW Concentrating Solar Power (CSP) plant, will also have its first full year of energy production in 2014. APS also expects its 32 MW Gila Bend solar generating station to reach commercial operation in June, 2014.<sup>15</sup>

APS has identified sites and initiated pre-development for the final 50 MW of APS's AZ Sun program. The Company expects it will conduct these final RFPs, sign contracts, and begin construction in 2014, for in-service dates scheduled to meet APS's 2009 Settlement obligation in 2015. These projects will be:

- Luke Air Force Base (10MW) – in-service March 2015. APS has been involved in this project with the Department of Defense (DOD) since 2009, and the DOD has recently completed extensive pre-development land preparation.
- City of Phoenix (10MW) – in-service June 2015. This project is a unique re-development partnership with the City of Phoenix and the Town of Buckeye. The facility will be located on 1,000 acres at the Phoenix-owned SR-85 landfill, will help meet City of Phoenix renewable energy goals, and will provide lease revenue on currently unused land.
- Redhawk Solar (30MW) – in-service November 2015. This project benefits from the ability to co-locate on existing APS property and utilize an existing distribution interconnection site on property. The project has completed its interconnection study.

## **B. Distributed Energy**

### **1. Direct Cash Incentive Status**

The current status of APS's distributed energy Up Front Incentive (UFI) programs as of the end of May 2013 is shown in Figure A below:

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<sup>15</sup> Based on forecasted energy requirements, APS deferred certain approved programs in its 2013 Plan and in a letter filed on February 19, 2013 that were no longer forecasted as necessary to fulfill the Company's requirements (three to five APS-owned Community Solar projects and one to two Small Generator RFP projects). APS will continue to evaluate RES resource needs within the Company's portfolio on an ongoing basis to determine if these deferred projects are needed in the future.

### Figure A: DE UFI Incentives

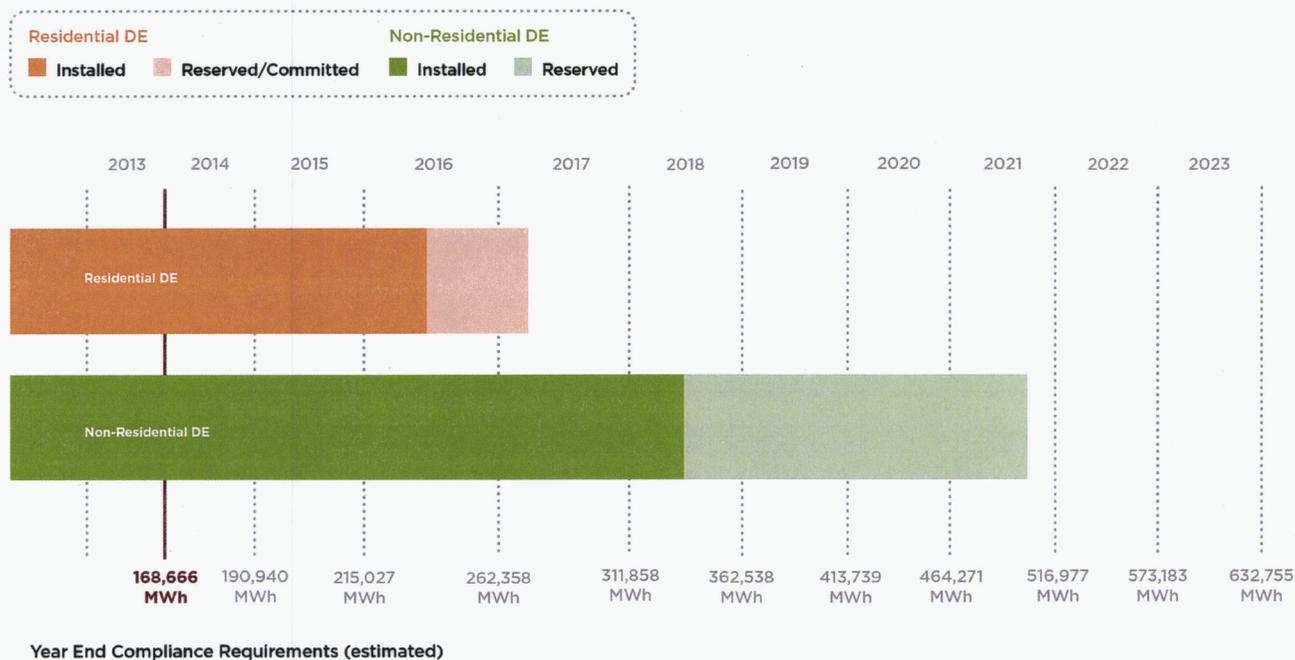
As of May 31, 2013

Segment	Category	Authorized	Remaining
Residential	Grid-tied PV	\$2.65M	\$1.06M
	Homebuilder	\$230K	\$150K
	Other Technologies	\$1.50M	\$0.88M
Non-Residential	All Technologies (Up Front Incentives)	\$100K	\$75K

The expanded Schools and Government program has awarded over 5 MWac of PBI funding through the April 2013 competitive bid nomination cycle, and APS anticipates it will award the remaining 13 MWac in project funding through its June, August, and October 2013 nomination cycles. APS estimates it will end 2013 with over 5,000 total DE system installations and over 70 MWac of newly installed DE capacity – split approximately evenly between residential and non-residential systems.

Figure B shows a forecast of APS’s projected DE compliance status as of year-end 2013, based upon currently installed resources and commitments from previously approved program budgets. APS projects it will be in compliance with non-residential energy targets through 2020 and residential DE energy targets through 2016. This forecast does not count any independent customer DE installations made without a direct cash incentive.

### Figure B: Projected Distributed Energy Production from Approved Programs (MWh)



Based on its current performance against the RES requirements for distributed energy, APS is not requesting any new incentives in this Plan. APS is requesting consideration of up-front incentives as part of its net metering proposal (filed July 12, 2013). The level of incentive funding desired by the Commission (if any), as well as other considerations such as a transition to a third-party administrator of incentives, would be an addition to the budget request as set forth in this Plan.

## 2. Lifetime Production Based Incentive (PBI) Payments

Since 2009, APS has been authorized to implement annual PBI program expansions, each of which provide customers with long-term, ongoing RES budget commitments that are gradually paid out over a period of up to 20 years. As shown in Exhibit 3C, a total of \$771.8 million in authorized PBI funding has been approved by the Commission over the life of APS's RES programs. To date, APS has entered into long-term PBI contracts totaling \$690.7 million and the Company has paid \$61.7 million cumulatively against the total. APS forecasts at the end of 2013, \$588.9 million in lifetime PBI payments remain to be collected and paid for through future RES budgets, with \$40.1 million projected as 2014 PBI payments.

Exhibit 3C also includes the amortization of PBI commitments through ongoing incentive payments as well as the reduction in remaining PBI authorizations unneeded to complete prior programs.

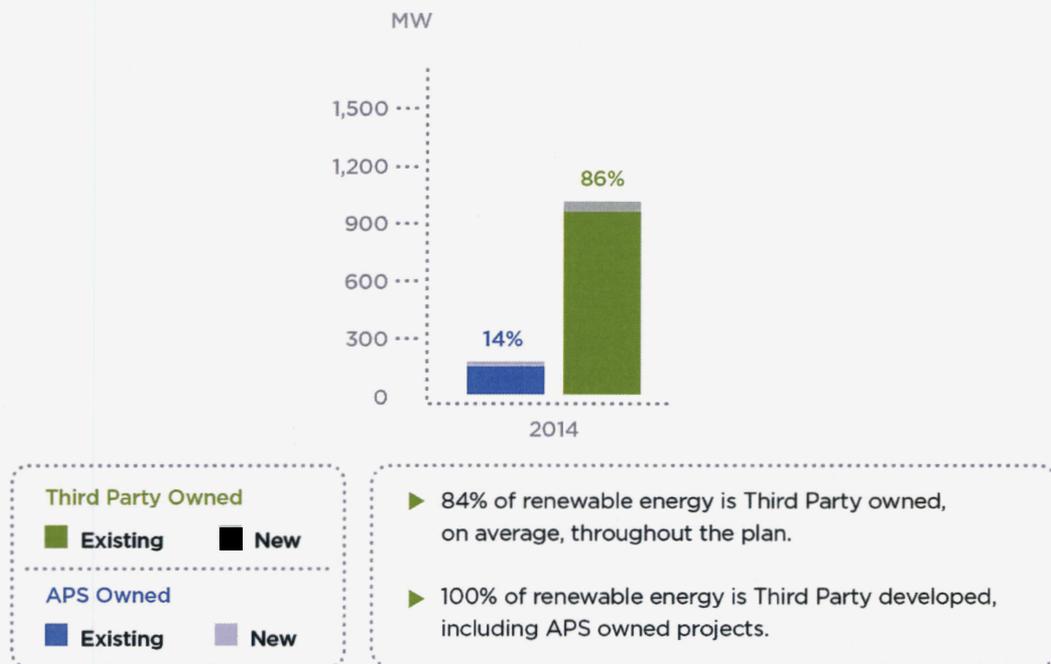
## 3. DE Compliance Status

On March 5, 2013, the Commission requested that APS disclose its 2012 and future compliance status both with and without the ability to track and record independent, non-incented DE installations absent a REC transfer (see Exhibits 3B and 3C). APS forecasts in the 2014-2018 Plan anticipate the continued growth of independently installed customer systems, particularly within the residential PV segment as well as modest growth in the non-residential segment. Through the end of May 2013, 67 non-residential PV systems for 3.8 MWac and 54 residential PV systems for 280 kWac have been installed and interconnected without receiving a direct cash incentive.

## C. Overall Compliance Status

At the end of 2015, APS expects to have a total of approximately 1250 MW of installed renewable capacity in its portfolio, including approximately 920 MW of solar capacity through Renewable Generation (RG) and distributed energy (DE) projects. Figure C shows that from 2014-2018, third party developers are projected to own projects producing 84 percent of all megawatt-hours (MWh) of renewable energy (on average) within APS's system.

**Figure C: Renewable Resource Ownership, 2014-2018**



## D. Program Administration

### 1. Customer Production Meter Deployment

In March 2013, APS residential customers with an interconnected distributed PV system began receiving notification that APS was beginning to install production meters as required per Decision No 72737, and that customers could recycle their old production meters through APS.<sup>16</sup> As required by the Commission, the new production meters will enable APS to transition to meeting RES compliance requirements by collecting and reporting data on actual performance of DE systems interconnected within its service territory. APS expects to have installed over 11,000 production meters in 2013 and an additional 13,000 production meters in 2014, including both previously installed and new systems. Consistent with the

<sup>16</sup> January 18, 2012.

Commission's order, all new systems are receiving production meters, inclusive of any independent customer installations that did not receive incentive funds.

## 2. Distributed Energy Administration Plan (DEAP)

The DEAP is a master program administration guideline that APS posts on its public website. APS requests minor modifications to the DEAP to reflect the aforementioned deployment of production meters, as well as the continued applicability of specific sections of the DEAP during any period in which the company is not actively offering DE incentives. While a majority of the DEAP is specific to the administration of an active incentive program, it is particularly important to ensure that absent incentives, customers remain aware of the Company's interconnection requirements, reporting requirements, and recent program standards. The proposed changes to the DEAP are noted below and, if approved, a revised DEAP with conforming changes will be reposted to APS's website:

- Added is a Notice of Applicability and Interconnection to customers and direct installers of grid-tied renewable energy projects to the *APS Interconnection Requirements for Distributed Generation*, absent an incentive program. Sections of the DEAP that remain applicable absent the incentive program are identified in this Notice.
- Section 4.4, Metering and Meter Reading is modified to reflect APS's current undertaking to install production meters in compliance with ACC Decision 72737.
- Section 6.2, Residential Funding Allocation is modified to reflect that allocation of funding is dependent upon incentive levels provided through ACC Order.
- Section 9, Energy Reporting Program Monitoring is modified to remove a reference to including the energy production of no longer operational systems in the annual compliance report.

## 3. Educational Outreach

In coordination with other Arizona utilities that publicly post information about the current status of their DE adoption and programming, APS plans to continue posting its program updates on the ArizonaGoesSolar.org website in 2014. Customers and installers can monitor up-to-date changes in APS program incentive levels and other program details. Continued support for the website will cost \$15,000 in 2014 and is included in the Educational Outreach budget.

All DE systems interconnecting to the APS electric grid must pass a compliance check prior to system commissioning. It is important to provide a baseline level of education by hosting best practices training for Authorities Having Jurisdiction (AHJ) and other key stakeholders. AHJ training sessions will ensure that stakeholders are well prepared to inspect system components for compliance with APS standards. APS has proposed \$20,000 for training sessions on best practices in the 2014 budget.

The customer-funded RES program has successfully built a diverse portfolio of renewable energy technologies throughout APS's service territory. It is important for customers to remain informed about available renewable technologies that can be deployed in Arizona. APS requests \$40,000 in 2014 for RES-attributable website updates and the creation and distribution of basic educational materials to be made available to inform public stakeholders.

#### 4. High Penetration Photovoltaic Deployment Study

APS was awarded funding from the Department of Energy, beginning in 2010, for a multi-year commitment to study the impacts of high penetrations of renewable resources on the electric distribution grid, and to develop tools to support the reliability of the utility's distribution system under these conditions. As of May 31, 2013, APS has completed three of five project phases. The study's phases have been funded primarily through DOE grants, with some support from RES funding, and is scheduled to end in 2014 with a final public report to be issued by in Q1 of 2015 in conjunction with the DOE.

### III. Budget

The budget for APS's 2014 Plan consists primarily of funding for previously authorized programs including PBI legacy payments, purchased power and revenue requirement costs, and prior initiatives currently being implemented. APS projects that support for prior authorized programs, less the Company's already deferred and canceled programs, will provide sufficient funding for the Company to make its best efforts to meet its near-term RES and 2009 Settlement energy requirements.

On May 24, 2012<sup>17</sup>, the Commission resolved APS's most recent rate case in Decision No. 73183. That Decision impacted the RES program as the Commission reaffirmed that APS can recover, through the RES adjustor, the revenue requirements associated with those APS renewable energy-related capital investments made in compliance with Decision No. 71448.<sup>18</sup> APS may do so until it is specifically authorized to recover those costs in base rates or another adjustor.<sup>19</sup> The Commission has approved several APS-owned capital investments for purposes of compliance with Decision No. 71448, including the AZ Sun program and the Schools and Government Program.

As planned resources are placed into service to support the Company's annual RES requirement and its 2009 Settlement Agreement target, APS expects the total budget for PBI and other DE legacy costs, PPA projects, and APS-owned projects to increase in 2014 and 2015 before declining in 2016 and 2017.<sup>20</sup> The total base RES budget in 2014 is \$143.0 million and the five year total for the 2014-2018 Plan is projected to be \$632.7 million, not including any funding offsets.

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<sup>17</sup> Decision No. 73183; Docket No. E-01345A-11-0224.

<sup>18</sup> Decision No. 73183, Settlement Agreement, paragraph 8.2.

<sup>19</sup> *Id.*

<sup>20</sup> This assumes a mid-2016 rate case adjudication.

APS intends to apply several credits and revenue streams to lower total RES adjustor collections needed in 2014 and 2015. Offsets to the 2014 budget (see Exhibit 4A) include \$6 million from base rates and \$22.7 million in budget reductions from Production Tax Credit (PTC) funds, rate program revenues, and general offsets due to variances in power purchase costs, programs completed under budget, and cancelled projects. After applying these funding offsets, the total requested RES adjustor collection for 2014 is \$114.3 million.<sup>21</sup>

### **E. Production Tax Credit (PTC)**

Through APS's ownership of its AZ Sun projects, the Company will receive tax credits from the Arizona state PTC program in 2014-2018.<sup>22</sup> Actual PTC amounts will vary each year depending on actual energy production from each eligible project compared to its forecasted annual production, as well as an annually declining credit per MWh produced. PTC credits have already been approved for the Company's Paloma, Cotton Center, Hyder, Chino Valley, and Foothills facilities, which were placed in-service in 2011-2013. As shown in Exhibit 3A, expected PTC available in 2014 is \$8.2 million, compared with \$3.4 million in 2013. The AZ Sun projects listed above are forecasted to contribute a total of \$38.4 million in PTC revenue between 2014-2018 and approximately \$63 million over the life of the PTC.

Consistent with the 2013 Plan, APS is using its full AZ Sun PTC to offset the cost of the 2014 RES budget.

### **F. Reallocation of Program Funds**

In its 2013 RES Plan, APS applied a portion of the Company's unallocated, existing program funds as a direct offset to the 2013 RES budget, with the remainder applied to the 2014 budget. APS identified \$8.5 million in prior year unallocated funds available for the 2014 budget.<sup>23</sup> Additional collected program funds are available for budget offsets due to variances in power purchase costs, programs completed under budget, rollover funds, and cancelled projects. A total of \$28 million is available for future RES budget offsets. APS proposes to apply \$14 million of the available funds towards reducing RES adjustor collections from the 2014 budget and \$14 million towards the 2015 budget in order to minimize year over year budget impacts. Any additional budget under-spend from 2013 programs, if any, will be identified prior to the Commission's approval of the 2014 Plan.

### **G. RES Adjustor Proportionality**

APS currently collects annual, Commission-approved RES program budget requirements in its REAC-1 rate rider on a monthly basis, with customers divided into residential, commercial, and industrial categories. Charges are applied based on kWh consumed, with

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<sup>21</sup> See Exhibit 2A.

<sup>22</sup> 2010 Senate Bill 1254 established Arizona's Production Tax Credit.

<sup>23</sup> See, APS 2012 Renewable Energy Standard Compliance Report dated April 1, 2013.

an adjustor cap for each category. Decision No. 73660<sup>24</sup> requires that any customer receiving a direct cash incentive is required to pay the average cap for the relevant customer category.

Decision No. 73183<sup>25</sup> removed the requirement to continue the existing adjustor structure and the proportional allocations of REAC-1 charges. Subsequently, in Decision No. 73636<sup>26</sup>, the Commission ordered APS to study and propose the expansion of the existing three RES adjustor customer categories into more distinct categories and the re-allocation of 2014 proportional RES adjustor charges to any new categories.

Beginning in 2014, APS proposes collections from the RES adjustor move to the five customer class approach described below that would divide the current commercial category into three distinct groups based on customer rate schedules. The proposed customer definition for adjustor charges would be:

- **Residential** – Same as current, applicable to all residential customers. Any customer consuming 400 kWh or above continues to pay the cap, if one exists. *Estimated at 1,018,000 customers.*
- **Small Commercial** – Applicable to customers on rate schedules E-32 XS/S, E-32 TOU XS/S (General Service Extra Small and Small, both Standard and Time of Use) E-20 (Church Rate), and E-221 with a demand of less than 100 kW (Water Pumping) and those rates with any applicable riders. Any customer consuming 14,857 kWh or above continues to pay the cap, if one exists. *Estimated at 116,000 customers.*
- **Medium Commercial** – Applicable to customer on rate schedules E-32 Medium, E-32 TOU Medium, and E-221 (Water Pumping) with 100-400 kW of demand, and those rates with any applicable riders. Any customer consuming 25,000 kWh or above would pay the cap, if one exists. *Estimated at 6,900 customers.*
- **Large Commercial** - Applicable to customers on rate schedules E-32 Large and E-32 TOU Large customers and E-221 (Water Pumping) with 400-3000 kW of demand, and those rates with any applicable riders. Any customer consuming 50,000 kWh or above would pay the cap, if one exists. *Estimated at 1,000 customers.*
- **Industrial** – Same as current, applicable to Industrial customers, generally E-34 and E-35 customers. Any customer consuming 100,000 kWh or above would pay the cap, if one exists. *Estimated at 116 customers.*

*Adjustor Examples:*

There are a variety of ways revenue collections from the RES adjustor could be distributed across customer classes, and APS seeks Commission direction on an appropriate method for proportionally allocating costs to each group. Figure D on page 12 shows three examples of adjustor cost allocation for informational purposes.

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<sup>24</sup> February 6, 2013.

<sup>25</sup> May 24, 2012.

<sup>26</sup> January 31, 2013.

Example 1 shows the 2014 adjustor using the current three class method and a proportional cost allocation similar to what was approved in APS's current REAC-1 schedule.<sup>27</sup>

Example 2 outlines APS's proposed five classes. In this example, residential and small commercial customers with low energy consumption would see a relatively modest increase compared to the growth in the budget, with many customers paying well below the class cap. Medium commercial, large commercial and industrial customers would pay proportionately more of the RES budget due to their larger energy consumption, although at their class caps these customers would still pay less than their actual contribution to energy consumption across all categories.

Example 3 reflects a scenario in which all customers would pay an equal share of the RES program costs based upon their individual kilowatt-hour (kWh) energy consumption should the Commission wish to consider an adjustor that charges customers based upon their true proportional energy consumption with respect to all other customers.

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<sup>27</sup> Decision No. 73636 (January 31, 2013), corrected *Nunc Pro Tunc* in Decision No. 73765 (March 21, 2013).

**Figure D: RES Adjustor Examples**

Customer Class	Residential	Small Commercial	Medium Commercial	Large Commercial	Industrial		
Rate Schedule		E-32 XS/S, E-32 TOU XS/S, E-221 <100kW	E-32M, E-32M TOU, E-221 100-400kW	E-32L, E-32L TOU, E-221 400-3,000kW	E-34, E-35		
<b>Example 1 (Current) Continue three customer class proportionality</b>							
<b>2014</b>	<b>RES Adjustor (in \$M)</b>	<b>\$ 114.4</b>	<b>Commercial</b>		<b>Industrial</b>		
	<b>\$/kWh</b>	<b>\$ 0.011212</b>					
	Cap	\$ 4.48	\$ 166.58		\$ 3,500.00		
	Average	\$ 4.29	\$ 33.04		\$ 3,500.00		
<b>Example 2 Continue proportionality , but with expansion to five customer classes</b>							
<b>2014</b>	<b>RES Adjustor (in \$M)</b>	<b>\$ 114.4</b>	<b>Residential</b>	<b>Small Commercial</b>	<b>Medium Commercial</b>	<b>Large Commercial</b>	<b>Industrial</b>
	<b>\$/kWh</b>	<b>\$ 0.010772</b>					
	Cap	\$ 4.31	\$ 160.04	\$ 269.30	\$ 538.60		\$ 3,500.00
	Average	\$ 3.92	\$ 25.76	\$ 236.43	\$ 500.71		\$ 3,500.00
<b>2015</b>	<b>RES Adjustor (in \$M)</b>	<b>\$ 129.6</b>					
	<b>\$/kWh</b>	<b>\$ 0.011978</b>					
	Cap	\$ 4.79	\$ 177.96	\$ 299.45	\$ 598.90		\$ 3,750.00
	Average	\$ 4.36	\$ 28.30	\$ 262.90	\$ 556.77		\$ 3,750.00
<b>2016</b>	<b>RES Adjustor (in \$M)</b>	<b>\$ 122.6</b>					
	<b>\$/kWh</b>	<b>\$ 0.011088</b>					
	Cap	\$ 4.44	\$ 164.73	\$ 277.20	\$ 554.40		\$ 3,500.00
	Average	\$ 4.04	\$ 25.79	\$ 243.37	\$ 515.40		\$ 3,500.00
<b>2017</b>	<b>RES Adjustor (in \$M)</b>	<b>\$ 88.8</b>					
	<b>\$/kWh</b>	<b>\$ 0.007804</b>					
	Cap	\$ 3.12	\$ 115.94	\$ 195.10	\$ 390.20		\$ 3,000.00
	Average	\$ 2.84	\$ 17.88	\$ 171.29	\$ 362.75		\$ 3,000.00
<b>2018</b>	<b>RES Adjustor (in \$M)</b>	<b>\$ 77.1</b>					
	<b>\$/kWh</b>	<b>\$ 0.006592</b>					
	Cap	\$ 2.64	\$ 97.94	\$ 164.80	\$ 329.60		\$ 2,700.00
	Average	\$ 2.40	\$ 15.00	\$ 144.69	\$ 306.41		\$ 2,700.00
<b>Example 3 No caps. Move adjustor to \$/kWh charge based on actual energy consumption</b>							
<b>2014</b>	<b>RES Adjustor (in \$M)</b>	<b>\$ 114.4</b>	<b>Residential</b>	<b>Small Commercial</b>	<b>Medium Commercial</b>	<b>Large Commercial</b>	<b>Industrial</b>
	<b>\$/kWh</b>	<b>\$ 0.004044</b>					
	Average	\$ 4.46	\$ 5.80	\$ 252.19	\$ 1,174.81		\$ 12,983.23
<b>2015</b>	<b>RES Adjustor (in \$M)</b>	<b>\$ 129.6</b>					
	<b>\$/kWh</b>	<b>\$ 0.004520</b>					
	Average	\$ 4.98	\$ 6.49	\$ 281.87	\$ 1,313.09		\$ 14,687.98
<b>2016</b>	<b>RES Adjustor (in \$M)</b>	<b>\$ 122.6</b>					
	<b>\$/kWh</b>	<b>\$ 0.004206</b>					
	Average	\$ 4.64	\$ 6.03	\$ 262.29	\$ 1,221.87		\$ 13,563.42
<b>2017</b>	<b>RES Adjustor (in \$M)</b>	<b>\$ 88.8</b>					
	<b>\$/kWh</b>	<b>\$ 0.002990</b>					
	Average	\$ 3.30	\$ 4.29	\$ 186.46	\$ 868.62		\$ 9,208.42
<b>2018</b>	<b>RES Adjustor (in \$M)</b>	<b>\$ 77.1</b>					
	<b>\$/kWh</b>	<b>\$ 0.002552</b>					
	Average	\$ 2.82	\$ 3.66	\$ 159.14	\$ 741.38		\$ 7,639.76

**Exhibit 1: APS 2014 - 2018 RES Program Summary**

Line No.	2014	2015	2016	2017	2018
1	28,287,305	28,670,294	29,150,885	29,700,779	30,211,482
2	4.5%	5.0%	6.0%	7.0%	8.0%
3	1,272,929	1,433,515	1,749,053	2,079,055	2,416,919
4	891,050	1,003,460	1,224,337	1,455,338	1,691,843
5	381,879	430,055	524,716	623,717	725,076
6	30%	30%	30%	30%	30%
7	190,939	215,028	262,358	311,858	362,538
8	152,752	172,022	209,886	249,487	290,030
9	38,188	43,005	52,472	62,372	72,508
10	891,050	1,003,460	1,224,337	1,455,338	1,691,843
11	381,879	430,055	524,716	623,717	725,076
12	190,939	215,028	262,358	311,858	362,538
13	152,752	172,022	209,886	249,487	290,030
14	38,188	43,005	52,472	62,372	72,508
15	891,050	1,003,460	1,224,337	1,455,338	1,691,843
16	381,879	430,055	524,716	623,717	725,076
17	190,939	215,028	262,358	311,858	362,538
18	152,752	172,022	209,886	249,487	290,030
19	38,188	43,005	52,472	62,372	72,508
20	891,050	1,003,460	1,224,337	1,455,338	1,691,843
21	381,879	430,055	524,716	623,717	725,076
22	190,939	215,028	262,358	311,858	362,538
23	152,752	172,022	209,886	249,487	290,030
24	38,188	43,005	52,472	62,372	72,508
25	891,050	1,003,460	1,224,337	1,455,338	1,691,843
26	381,879	430,055	524,716	623,717	725,076
27	190,939	215,028	262,358	311,858	362,538
28	152,752	172,022	209,886	249,487	290,030
29	38,188	43,005	52,472	62,372	72,508
30	891,050	1,003,460	1,224,337	1,455,338	1,691,843
31	381,879	430,055	524,716	623,717	725,076
32	190,939	215,028	262,358	311,858	362,538
33	152,752	172,022	209,886	249,487	290,030
34	38,188	43,005	52,472	62,372	72,508
35	891,050	1,003,460	1,224,337	1,455,338	1,691,843
36	381,879	430,055	524,716	623,717	725,076
37	190,939	215,028	262,358	311,858	362,538
38	152,752	172,022	209,886	249,487	290,030
39	38,188	43,005	52,472	62,372	72,508
40	891,050	1,003,460	1,224,337	1,455,338	1,691,843
41	381,879	430,055	524,716	623,717	725,076
42	190,939	215,028	262,358	311,858	362,538
43	152,752	172,022	209,886	249,487	290,030
44	38,188	43,005	52,472	62,372	72,508
45	891,050	1,003,460	1,224,337	1,455,338	1,691,843
46	381,879	430,055	524,716	623,717	725,076

**Notes:**  
<sup>1</sup> Per AAC R14-2-1805.  
<sup>2</sup> Does not include independent installations from residential and non-residential energy sources. Independent installations are defined as those installations made by customers without taking a direct cash incentive and without transferring REC ownership to APS.  
<sup>3</sup> Assumes July 2016 rate case adjudication.  
<sup>4</sup> APS's proposed changes to Green Choice rates will be filed in a separate docket.

2014 IMPLEMENTATION PLAN

Exhibit 2A - Targeted Resources

Line No.	Targeted Generation Resources: <sup>2</sup>	Ownership <sup>1</sup>	Actual / Expected Completion	2014-2018 Total MWac	Targeted Energy Production (MWh or Equivalent)					Total	Line No.
					2014	2015	2016	2017	2018		
1	Solar:										
2	Ajo	3rd Party PPA	Online	4.5	10,359	10,307	10,285	10,204	10,153	51,308	1
3	Prescott	3rd Party PPA	Online	10	25,090	24,839	24,657	24,344	24,101	123,031	2
4	Tonopah	3rd Party PPA	Dec, 2013	15	40,185	39,902	39,675	39,338	39,056	198,156	3
5	Maricopa County	3rd Party PPA	Dec, 2013	15	42,642	42,429	42,214	41,996	41,779	211,214	4
6	Saddle Mountain	3rd Party PPA	Online	15	34,789	34,511	34,235	33,961	33,689	171,185	5
7	Solana CSP	3rd Party PPA	Aug, 2013	250	934,819	934,819	937,739	934,819	934,819	4,677,015	6
8	Small Solar Sites	APS	Online	4.6	9,953	9,953	9,953	9,953	9,953	49,765	7
9	Paloma	APS	Online	17	41,177	40,889	40,602	40,318	40,036	203,022	8
10	Hyder I	APS	Online	16	40,466	40,264	40,062	39,862	39,662	200,317	9
11	Cotton Center	APS	Online	17	45,394	45,192	44,990	44,788	44,586	226,656	10
12	Chino Valley	APS	Online	19	47,983	47,781	47,579	47,377	47,175	237,527	11
13	Foothills I/II	APS	Online	35	112,041	111,839	111,637	111,435	111,233	554,977	12
14	Hyder II	APS	Dec, 2013	14	45,941	45,739	45,537	45,335	45,133	226,656	13
15	Gila Bend	APS	Jun, 2014	32	108,426	108,224	108,022	107,820	107,618	527,555	14
16	Luke AFB	APS	Mar, 2015	10	21,900	21,700	21,500	21,300	21,100	100,026	15
17	City of Phoenix	APS	Jun, 2015	10	15,330	15,130	14,930	14,730	14,530	73,456	16
18	Redhawk Solar	APS	Nov, 2015	30	13,140	12,940	12,740	12,540	12,340	62,700	17
19											18
20											19
21	<b>Wind:</b>										20
22	Aragonne Mesa	3rd Party PPA	Online	90	269,239	269,239	269,239	269,239	269,239	1,346,195	21
23	High Lonesome	3rd Party PPA	Online	100	299,592	299,592	299,592	299,592	299,592	1,498,863	22
24	Perrin Ranch	3rd Party PPA	Online	99	226,416	226,416	227,074	226,416	226,416	1,132,738	23
25											24
26	<b>Geothermal:</b>										25
27	Salton Sea/CE Turbo	3rd Party PPA	Online	10	68,983	68,983	69,172	68,983	68,983	345,104	26
28											27
29	<b>Biomass/Biogas:</b>										28
30	Snowflake White Mountain Power	3rd Party PPA	Online	14	65,031	60,214	51,033	40,847	30,711	247,836	29
31	Sexton (Glendale Landfill)	3rd Party PPA	Online	2.9	20,800	20,800	20,857	20,800	20,800	104,057	30
32	Northwest Regional Landfill Gas	3rd Party PPA	Online	3.2	22,560	22,560	22,622	22,560	22,560	112,862	31
33											32
34											33
35	<b>Total Targeted Generation</b>			<b>833</b>	<b>2,453,999</b>	<b>2,456,841</b>	<b>2,459,204</b>	<b>2,462,779</b>	<b>2,464,811</b>	<b>12,841,634</b>	34
36											35
37	<b>Targeted Distributed Energy Resources:<sup>3</sup></b>										36
38	<b>Residential:</b>										37
39	UFI Installations	Customer-Sited DE	Various	Various	273,562	273,562	273,562	273,562	273,562	1,367,810	38
40	Independent Installations <sup>4</sup>	Customer-Sited DE	Various	Various	53,875	113,230	172,585	247,129	398,767	985,586	39
41	Flagstaff Community Power Project	APS	Online	0.4	775	775	775	775	775	3,875	40
42											41
43	<b>Total Targeted Distributed Energy Resources</b>				<b>328,212</b>	<b>487,567</b>	<b>446,922</b>	<b>521,466</b>	<b>673,104</b>	<b>2,357,271</b>	42
44											43
45	<b>Non-Residential:</b>										44
46	UFI Installations	Customer-Sited DE	Various	Various	33,617	33,617	33,617	33,617	33,617	168,085	45
47	PBI Installations	Customer-Sited DE	Various	Various	182,989	182,989	182,989	182,989	182,989	914,945	46
48	Independent Installations <sup>4</sup>	Customer-Sited DE	Various	Various	6,118	18,101	30,084	42,067	54,050	150,420	47
49	DE RFP	Customer-Sited DE	Online	35	75,742	75,477	75,212	74,947	74,682	376,067	48
50	Schools & Government (3rd-Party Owned)	Customer-Sited DE	Various	45	88,807	88,807	88,807	88,807	88,807	444,035	49
51	Schools & Government (Utility-Owned)	Customer-Sited DE	Dec, 2013	13	24,545	24,545	24,197	24,028	23,859	120,996	50
52	Flagstaff Community Power Project	APS	Online	0.9	1,218	1,218	1,218	1,218	1,218	6,090	51
53	Wholesale DE	3rd Party PPA	Online	NA	38,188	43,005	52,472	62,372	72,508	268,545	52
54											53
55											54
56											55
57	<b>Total Targeted Distributed Energy Resources</b>				<b>451,224</b>	<b>677,881</b>	<b>688,899</b>	<b>808,847</b>	<b>937,798</b>	<b>3,449,183</b>	56
58					<b>779,436</b>	<b>899,419</b>	<b>934,358</b>	<b>1,051,813</b>	<b>1,204,839</b>	<b>4,806,484</b>	57
59											58

**Notes:**  
<sup>1</sup>All utility-owned and Third Party generation projects are developed through a competitive RFP process, and all DE systems are built independently by Third Party developers and installers.  
<sup>2</sup>Reported as incremental production (non-annualized).  
<sup>3</sup>Reported as annualized production.  
<sup>4</sup>Independent installations are defined as installations made by customers without taking a direct cash incentive and without transferring REC ownership to APS. These MWh are not counted towards compliance.

## Exhibit 2B: Distributed Energy Track and Record Table (MWh)

This exhibit represents actual and forecasted 2012-2018 RES DE compliance totals compared to a position under which the Company would be allowed to count independent, non-incentive customer installations towards its RES compliance reporting. The independent installations shown below represent actual non-incentive installations for 2012 as well as forecasted DE customer growth absent any new incentive program funding for 2013-2018.

Line	2012	2013	2014	2015	2016	2017	2018
<b>Residential DE (MWh)</b>							
1							
2							
3			274,337	274,337	274,337	274,337	274,337
4			53,875	113,230	172,585	247,129	398,767
5			328,212	387,567	446,922	521,466	673,104
6							
7							
8							
9			445,106	449,480	458,512	467,980	477,685
10			6,118	18,101	30,084	42,067	54,050
11			451,224	467,581	488,596	510,047	531,735
12							
13							
14							
15			719,443	723,817	732,849	742,317	752,022
16			59,993	131,331	202,669	289,196	452,817
17			779,436	855,148	935,518	1,031,513	1,204,839
18							
19							
20			381,879	430,055	524,716	623,717	725,076
21			190,939	215,028	262,358	311,858	362,538
<b>Non-Residential DE (MWh)</b>							
1							
2							
3							
4							
5							
6							
7							
8							
9			307,266	391,291	449,480	467,980	477,685
10			2,927	6,118	30,084	42,067	54,050
11			310,193	397,409	467,581	510,047	531,735
12							
13							
14							
15			503,498	657,724	732,849	742,317	752,022
16			3,180	7,607	202,669	289,196	452,817
17			506,678	665,331	855,148	1,031,513	1,204,839
18							
19							
20			298,987	335,331	381,879	430,055	524,716
21			149,494	167,666	190,939	215,028	262,358
<b>Total DE (MWh)</b>							
1							
2							
3							
4							
5							
6							
7							
8							
9			814,464	1,050,581	1,200,329	1,239,967	1,251,720
10			9,105	24,735	60,168	84,134	108,100
11			819,569	1,075,316	1,260,497	1,324,101	1,359,820
12							
13							
14							
15			722,641	984,449	1,135,518	1,184,634	1,206,042
16			63,173	144,944	222,738	301,315	460,917
17			785,814	1,129,393	1,358,256	1,485,949	1,666,959
18							
19							
20			441,872	500,366	592,818	708,742	837,074
21			221,467	248,666	291,289	346,789	404,180
<b>RES DE Requirements (MWh)<sup>4</sup></b>							
1							
2							
3							
4							
5							
6							
7							
8							
9							
10							
11							
12							
13							
14							
15							
16							
17							
18							
19							
20							
21							

**Notes:**  
<sup>1</sup> Includes UFI DE and Flagstaff Community Power Project.  
<sup>2</sup> Independent installations defined as installs made by customers without taking a direct cash incentive and without transferring REC ownership to APS.  
<sup>3</sup> Includes UFI, PBI, and Wholesale DE programs.

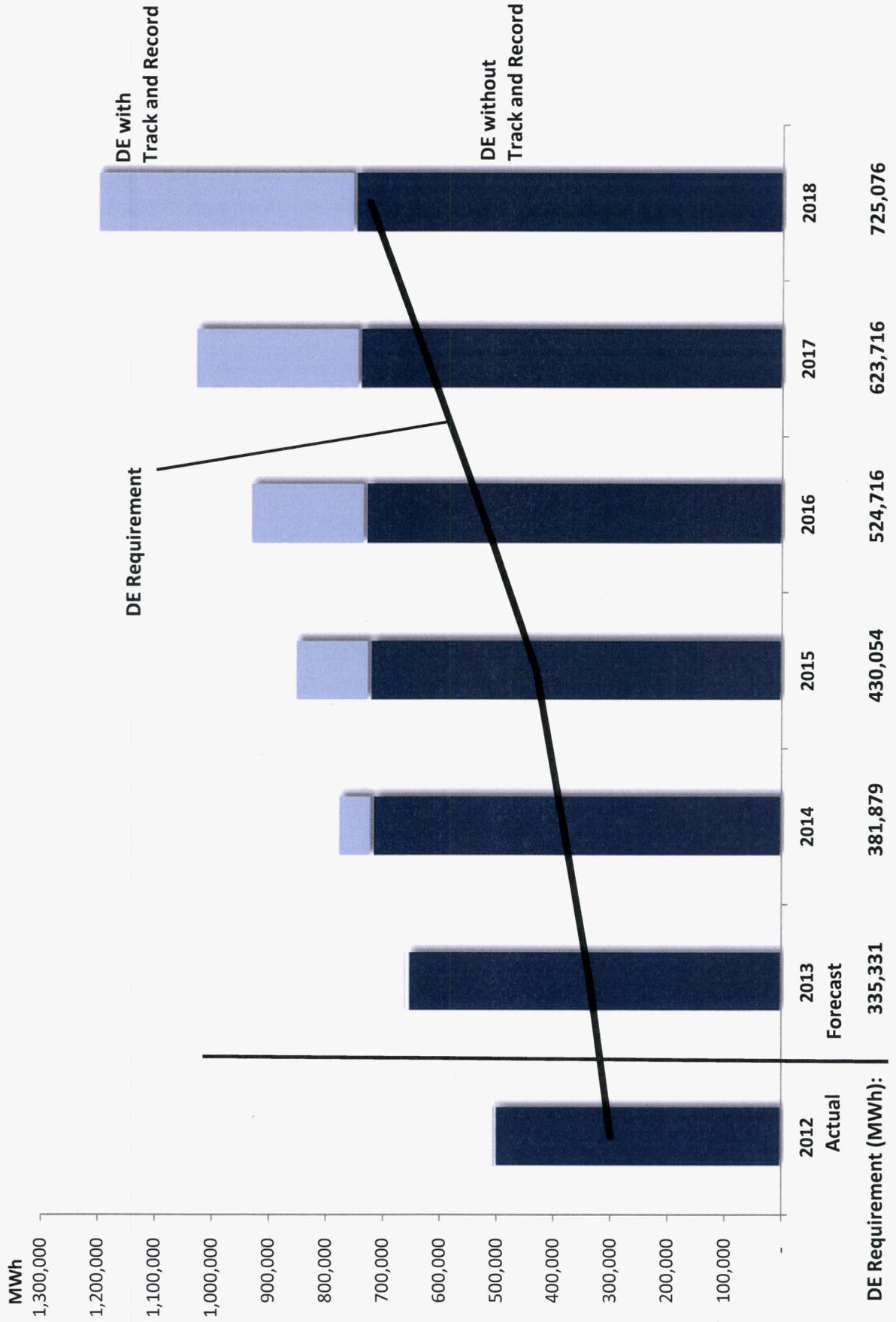
All numbers are reported as annualized production and represent proposed program status, but may change pending Commission decision in APS's request for rooftop solar and net metering solutions.

If APS were allowed to count independent, non-incented installations towards its RES DE compliance requirements:

- Impact through 2014
  - Residential compliance would be projected to advance by one year through 2017 (current estimates project residential compliance through 2016).
  - Non-residential compliance would be projected to have no material change to compliance standing.
  - Overall DE compliance would be projected to advance by one year through 2018 (current estimates project overall DE compliance through 2017).
- Compliance through 2018
  - Residential compliance would be projected to advance by seven years through 2023 (current estimates project residential compliance through 2016).
  - Non-residential compliance would be projected to advance by one year through 2021 (current estimates project non-residential compliance through 2020).
  - Overall DE compliance would be projected to advance by four years through 2022 (current estimates project overall DE compliance through 2018).

Absent new incentive funding, under current practice, APS's residential and non-residential compliance standing would not be projected to grow after 2014 with the exception of a slight increase in APS's wholesale DE allocation for non-residential compliance per AAC R-14-2-1805.

**Exhibit 2C: Distributed Energy Track and Record Graph**



**Exhibit 3A: 2014 RES IP Summary Budget (\$M)**

Line No.	2014	2015	2016	2017	2018	Total
<b>Renewable Generation</b>						
<b>Renewable Generation Contracts and Operation and Maintenance</b>						
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						
29						
30						
31						
32						
33						
34						
1	\$ 86.8	\$ 101.3	\$ 83.5	\$ 52.6	\$ 40.7	\$ 365.1
2	0.7	0.8	0.8	0.8	0.8	3.9
3	1.4	1.4	1.4	1.4	1.4	7.0
4	\$ 88.9	\$ 103.5	\$ 85.7	\$ 54.8	\$ 42.9	\$ 376.0
5						
6						
7						
8						
9						
10						
11	\$ 0.7	\$ 0.6	\$ 0.3	\$ -	\$ -	\$ 1.6
12	5.8	5.8	5.7	5.1	5.0	27.4
13	26.6	26.6	26.6	26.6	26.5	132.9
14	7.8	9.6	9.6	9.6	9.6	46.2
15	6.0	5.5	2.6	-	-	14.1
16	\$ 46.9	\$ 48.1	\$ 44.8	\$ 41.3	\$ 41.1	\$ 222.2
17						
18						
19						
20						
21						
22						
23						
24						
25						
26						
27						
28						
29						
30						
31						
32						
33						
34						
1	\$ 0.5	\$ 0.4	\$ 0.4	\$ 0.4	\$ 0.4	\$ 2.1
2	6.1	5.9	5.8	5.8	5.8	29.4
3	0.5	0.5	0.5	0.5	0.5	2.5
4	0.1	0.1	0.1	0.1	0.1	0.5
5	\$ 7.2	\$ 6.9	\$ 6.8	\$ 6.8	\$ 6.8	\$ 34.5
6	\$ 54.1	\$ 55.0	\$ 51.6	\$ 48.1	\$ 47.9	\$ 256.7
7						
8						
9						
10						
11						
12						
13						
14						
15						
16						
17						
18						
19						
20						
21						
22						
23						
24						
25						
26						
27						
28						
29						
30						
31						
32						
33						
34						
1	\$ 143.0	\$ 158.5	\$ 137.3	\$ 102.9	\$ 90.8	\$ 632.7
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						
29						
30						
31						
32						
33						
34						
1	\$ (6.0)	\$ (6.0)	\$ (6.0)	\$ (6.0)	\$ (6.0)	\$ (30.0)
2	(8.2)	(8.2)	(7.9)	(7.3)	(6.8)	(38.4)
3	(0.4)	(0.7)	(0.8)	(0.8)	(0.9)	(3.6)
4	(14.0)	(14.0)	-	-	-	(28.0)
5	\$ 114.4	\$ 129.6	\$ 122.6	\$ 88.8	\$ 77.1	\$ 532.7

**Notes:**  
<sup>1</sup> Assumes rate case adjudication in July 2016.  
<sup>2</sup> Total dollars includes costs for Sexton (Glendale Landfill) PPA of approximately \$40k/yr, totaling \$0.2M for 2014-2017.  
<sup>3</sup> Third-party owned portion of the current 2011 and 2012 Schools and Government Programs.  
<sup>4</sup> APS-owned portion of the 2011 and 2012 School and Government Programs.  
<sup>5</sup> Includes revenue requirements, customer notification and installation costs for production metering as required by Decision No. 72737.

Exhibit 3B - Targeted RES Resource Costs (\$M)

Projected RES Cost per Year <sup>1,2</sup>

Line No.	Targeted Generation Resources: <sup>1</sup>	Ownership	2014	2015	2016	2017	2018	Total	Line No.
1	<b>Solar:</b>								1
2	Ajo	3rd Party PPA							2
3	Prescott	3rd Party PPA							3
4	Tonopah	3rd Party PPA							4
5	Maricopa County	3rd Party PPA							5
6	Saddle Mountain	3rd Party PPA							6
7	Solana CSP	3rd Party PPA							7
8	Chino Valley	APS							8
9	Foothills I/II	APS							9
10	Hyder II	APS							10
11	Gila Bend	APS							11
12	Luke AFB	APS							12
13	City of Phoenix	APS							13
14	Redhawk Solar	APS							14
15									15
16									16
17	<b>Wind:</b>								17
18	Aragonne Mesa	3rd Party PPA							18
19	High Lonesome <sup>3</sup>	3rd Party PPA							19
20	Perrin Ranch	3rd Party PPA							20
21									21
22	<b>Geothermal:</b>								22
23	Salton Sea/CE Turbo	3rd Party PPA							23
24									24
25	<b>Biomass/Biogas:</b>								25
26	Snowflake White Mountain Power <sup>4</sup>	3rd Party PPA							26
27	Sexton (Glendale Landfill) <sup>5</sup>	3rd Party PPA							27
28	Northwest Regional Landfill Gas	3rd Party PPA							28
29	<b>Subtotal Targeted Generation Resources</b>		\$ 26.6	\$ 26.6	\$ 26.6	\$ 26.6	\$ 26.6	\$ 132.7	29
30									30
31	<b>Targeted and Expected Distributed Energy Resources:</b>								31
32									32
33	<b>Residential:</b>								33
34	UFI Installations <sup>6</sup>	Customer-Sited DE	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	34
35									35
36	<b>Subtotal Residential</b>		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	36
37									37
38	<b>Non-Residential:</b>								38
39	PBI Installations	Customer-Sited DE	\$ 26.6	\$ 26.6	\$ 26.6	\$ 26.6	\$ 26.5	\$ 132.9	39
40	DE RFP	Customer-Sited DE	5.8	5.8	5.7	5.1	5.0	27.4	40
41	Schools & Government (3rd-Party Owned)	Customer-Sited DE	7.8	9.6	9.6	9.6	9.6	46.2	41
42	Schools & Government (Utility-Owned)	APS	6.0	5.5	2.6	-	-	14.1	42
43	Flagstaff Community Power Project	APS	0.7	0.6	0.3	-	-	1.6	43
44									44
45	<b>Subtotal Non-Residential</b>		\$ 46.9	\$ 48.1	\$ 44.6	\$ 41.3	\$ 41.1	\$ 222.7	45
46									46
47	<b>Subtotal Targeted Distributed Energy (Line 36 + Line 45)</b>		\$ 46.9	\$ 48.1	\$ 44.6	\$ 41.3	\$ 41.1	\$ 222.7	47
48									48
49	<b>Total Targeted Distributed Energy (Line 39 + Line 47)</b>		\$ 133.7	\$ 149.4	\$ 139.9	\$ 93.9	\$ 81.8	\$ 507.8	49

Notes:

- <sup>1</sup> Redacted due to the competitively confidential nature of the information.
- <sup>2</sup> All High Lonesome costs are collected through APS's Power Supply Adjustor.
- <sup>3</sup> Assumes July 2016 rate case adjudication.
- <sup>4</sup> Expected costs of Wholesale DE included in costs associated with Snowflake White Mountain Power, and not included in DE section.
- <sup>5</sup> Total dollars includes annual costs for Sexton (Glendale Landfill) PPA of approximately \$40k/yr, totaling \$0.2M for 2014-2017.
- <sup>6</sup> Represents proposed program status, but may change pending Commission decision in APS's request for rooftop solar and net metering solutions.

### Exhibit 3C: Lifetime Authorization Production Based Incentive status (\$M)

Line No.	Year	Authorization	Description
1			
2			
3	2008 <sup>1,2</sup>	\$ 250.0	DE RFP Lifetime Budget
4	2009 <sup>3</sup>	\$ 220.0	Standard PBI Lifetime Budget
5	2010 <sup>4</sup>	\$ 100.0	Standard PBI Lifetime Budget
6	2011 <sup>5</sup>	\$ 100.0	Standard PBI Lifetime Budget (\$73M), School and Government PBI (\$27M)
7	2012 <sup>6</sup>	\$ 95.8	Standard PBI Lifetime Budget (\$30M), School and Government PBI (\$65.8M)
8	2013 <sup>7</sup>	\$ 6.0	Expanded School and Government PBI
9		\$ <b>771.8</b>	<b>APS's Approved Lifetime PBI Authorization</b>
10			
11			
12		\$ (74.9)	DE RFP <sup>8</sup>
13		\$ (25.5)	Standard PBI (2009 - 2012)
14		\$ (10.6)	School & Government PBI (2011-2012)
15		\$ 29.9	Retained for Expanded School and Government PBI <sup>9</sup>
16		\$ <b>690.7</b>	<b>Total Remaining Lifetime PBI Authorization</b>

**Retirement of Authorizations from Completed Programs:**

Line No.	2014	2015	2016	2017	2018
17					
18	Total PBI Commitment	\$ 690.7	\$ 690.7	\$ 690.7	\$ 690.7
19	Cumulative PBI Incentive Payments	61.7	101.8	143.8	185.7
20	Annual PBI Payment (Projected)	40.1	42.0	41.9	41.1
21	Remaining PBI Commitment	\$ 588.9	\$ 546.9	\$ 505.0	\$ 463.7

**PBI Amortization Schedule**

**Notes:**

- <sup>1</sup> Pursuant to Decision No. 71459, APS was authorized a total lifetime PBI Budget Authorization cap of \$250 million for the DE RFP.
- <sup>2</sup> Pursuant to Decision No. 72022, APS was authorized to commit \$25 million of its DE RFP authorization to the Innovative Technologies Program.
- <sup>3</sup> Pursuant to Decision No. 71254, the total lifetime PBI budget through and including 2009 is \$220 million of total contract commitments.
- <sup>4</sup> Pursuant to Decision No. 71459, APS was authorized an additional \$100 million per year lifetime commitment authorization.
- <sup>5</sup> Pursuant to Decision Nos. 72022 and 72174, in 2011, APS committed \$27 million of its Lifetime PBI Budget Authorization towards the Schools and Government program.
- <sup>6</sup> Pursuant to Decision No. 72737, \$30 million allocated to non-residential PBI and \$65.8 million to 2012 S&G.
- <sup>7</sup> Pursuant to Decision No. 73636, ACC authorized \$6M in new PBI program funds and a shift in \$23.5M of unallocated DE RFP funds to support anticipated 2012 S&G program needs.
- <sup>8</sup> Includes \$25M previously allocated to Innovative Technologies and \$49.9M in project commitment reduction due to cancellation of a portion of the DE RFP program.
- <sup>9</sup> Additional lifetime PBI authorization to complete program approved pursuant to Decision No. 72737.

**Exhibit 3D: Third Party APS IP Renewable Generation RES Costs (\$/MWh)**

Line No.	2014	2015	2016	2017	2018	Line No.
1	<b>Existing Contracts:</b> <b>Solar:</b> Ajo Prescott Tonopah Maricopa County Saddle Mountain Solana CSP					1
2						2
3						3
4						4
5						5
6						6
7						7
8	<b>Wind:</b> Aragonne Mesa High Lonesome <sup>1</sup> Perrin Ranch					8
9						9
10						10
11	<b>Geothermal:</b> Salton Sea/CE Turbo					11
12						12
13	<b>Biomass/Biogas:</b> Snowflake White Mountain Power <sup>2</sup> Sexton (Glendale Landfill) <sup>3</sup> Northwest Regional Landfill Gas					13
14						14
15						15
16						16
17						17
18						18
19						19
20						20
21	21					

**Notes:**

- <sup>1</sup> All High Lonesome costs are collected through APS's Power Supply Adjustor.
- <sup>2</sup> As noted in Exhibit 2A, this project is split between Renewable Generation (RG) and Distributed Energy (DE).
- <sup>3</sup> Includes annual costs of approximately \$40k/yr, totaling \$0.2M for 2014-2017.

### Exhibit 3E: AZ Sun Program RES Revenue Requirements (\$M) <sup>1, 2, 3</sup>

	<u>MW</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Hyder II	14	\$ 5.9	\$ 5.5	\$ 2.6	\$ -	\$ -
Chino Valley	19	8.8	8.1	3.9	-	-
Foothills I/II	35	14.6	13.7	6.5	-	-
Gila Bend	32	6.9	12.6	5.9	-	-
Luke AFB	10	-	4.0	2.3	-	-
City of Phoenix	10	-	3.5	2.8	-	-
Redhawk Solar	30	-	2.6	7.4	-	-
<b>RES Cost Total</b>	<b>150</b>	<b>\$ 36.2</b>	<b>\$ 50.0</b>	<b>\$ 31.4</b>	<b>\$ -</b>	<b>\$ -</b>

**Notes:**

- <sup>1</sup> Assumes a \$25,000 MW-yr O&M cost.
- <sup>2</sup> Assumes a total depreciable life of 30 years.
- <sup>3</sup> Assumes July 2016 rate case adjudication for all Utility Owned Generation (UOG) assets.

**Exhibit B**

**APS Renewable Energy Standard  
Implementation Plan  
Summary**

## Summary to APS's 2014 Renewable Energy Standard Implementation Plan

The 2014-2018 Renewable Energy Standard (RES) Implementation Plan ("Plan") primarily requests funding approval for existing fixed budget program commitments and deployment of previously approved programs. No new programs or resources beyond those approved in prior Commission decisions are requested.

APS is required by the RES to achieve 4.5 percent of retail sales with renewable resources by 2014, increasing annually to 8.0 percent in 2018. In addition, APS anticipates it will achieve compliance with its renewable energy obligation in 2015 in accordance with APS's 2009 Settlement Agreement (2009 Settlement),<sup>1</sup> modified by the APS 2009 Settlement Agreement, provided all the resources discussed herein are continued as previously approved in prior Commission Decisions. The 2009 Settlement required, among other provisions, "that Arizona Public Service Company shall acquire new renewable energy resources with annual generation or savings of at least 1.7 million Megawatt hours to be in service by 2015..."<sup>2</sup> It further states that "These new resources shall be in addition to existing resources or commitments as of the end of 2008, as identified in APS's 2008 RES Compliance Report..."<sup>3</sup>

### Authorized Programs

#### *Renewable Generation*

At the end of 2015, APS expects to have a total of approximately 1250 MW of installed renewable capacity within its service territory, including approximately 920 MW of solar capacity from both Renewable Generation (RG) and distributed energy (DE) projects.

In 2014, APS expects the first full year of production from the Tonopah and Maricopa County solar generating stations (15 MW each) and utility-scale Power Purchase Agreements (PPAs) developed through the Small Generator RFP program, along with APS's Hyder II (14 MW) and the second phase of the Company's Foothills (18 MW) solar generating station. The Solana generating station, a 250 MW Concentrating Solar Power (CSP) plant, will also have its first full year of energy production in 2014. APS also expects its 32 MW Gila Bend solar generating station to reach commercial operation in June, 2014.

APS's 2015 renewable energy obligations are expected to be met in part with the final 50 MW of AZ Sun projects, as approved in Decision Nos. 71502 and 72737, for which sites have been identified and pre-development has started. APS anticipates conducting the final RFPs, signing contracts, and beginning construction of these projects in 2014 to be in-service in 2015. These projects include a 10MW project with Luke Air Force Base (for which the Department of Defense has recently completed pre-development land preparation), a 10MW project with the City of Phoenix (a landfill solar partnership with Phoenix and the Town of Buckeye), and a 30MW project at APS's Redhawk plant (for which an interconnection study has been completed).

#### *Distributed Energy*

As of the time of this filing, APS's residential incentive budgets (grid-tied photovoltaic (PV), Homebuilder, and non-PV technologies) each have slightly under one half of their 2013 budgets remaining. APS estimates it will end 2013 with over 5,000 new DE system installations and over 70 MWac of newly

<sup>1</sup> Decision No. 71448 (December 30, 2009).

<sup>2</sup> See, *Id.*

<sup>3</sup> *Id.*

## Summary to APS's 2014 Renewable Energy Standard Implementation Plan

installed DE capacity for the year – split approximately evenly between residential and non-residential systems. Through May 2013, 67 non-residential PV systems for 3.8 MWac and 54 residential PV systems for 280 kWac have been installed and interconnected without receiving a direct cash incentive.

APS currently forecasts installations resulting from already approved incentive budgets will allow the Company to be in compliance with residential DE requirements through 2016 and non-residential requirements through 2020. APS requests no new incentives in the 2014 Plan and requests that any decision on cash incentives be determined through the Company's request for rooftop solar and net metering solutions.<sup>4</sup>

Pursuant to Decision No. 72737 and for purposes of tracking data for RES compliance, APS will install over 11,000 production meters in 2013 and is projecting installation of an additional 13,000 production meters in 2014.

APS is requesting minor modifications to the Distributed Energy Administration Plan which include clarifications that even absent an active incentive program, customers must still comply with specific requirements to interconnect to the APS electrical grid.

### **Budget**

The budget for APS's 2014 Plan consists primarily of funding for previously authorized programs (including PBI legacy payments), purchased power and revenue requirement costs, and other previously approved initiatives.

In an effort to mitigate the impact to adjustor surcharges,<sup>5</sup> the 2014 budget reflects offsets due to variances in power purchase costs, programs being completed under budget, rate program revenues, cancellation of prior authorized contracts, and rollover funds.

APS expects the total budget for PBI and other DE legacy costs, PPA projects, and APS-owned projects to increase in 2014 and 2015 before declining in 2016 and 2017.<sup>6</sup> The total base RES budget in 2014 is \$143 million and the five year total for the 2014-2018 Plan is projected to be \$632.7 million, not including any funding offsets.

### *RES Adjustor*

In Decision No. 73636, the Commission ordered APS to study and propose expansion of the current RES adjustor customer classes into more distinct categories. APS proposes a five-category approach that would divide the current commercial class into three distinct groups as shown in Figure D (page 13). Because there are a variety of ways cost recovery could be distributed across these customer classes, APS is providing examples of possible allocations to each proposed category for the Commission's consideration.

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<sup>4</sup> The rooftop solar and net metering solutions request was filed on July 12, 2013.

<sup>5</sup> The 2013 RES budget was approximately \$102 million, per Decision No. 73636, January 31, 2013.

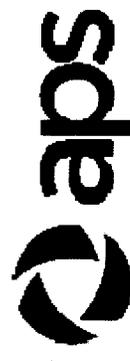
<sup>6</sup> This assumes a mid-2016 rate case adjudication.

## Exhibit C

### APS Renewable Energy Standard Implementation Plan Power Point Summary

**Arizona Public Service Company**  
**2014-2018 Renewable Energy Standard**  
**Implementation Plan**

**July 12, 2013**



## 2014 RES Implementation Plan Overview

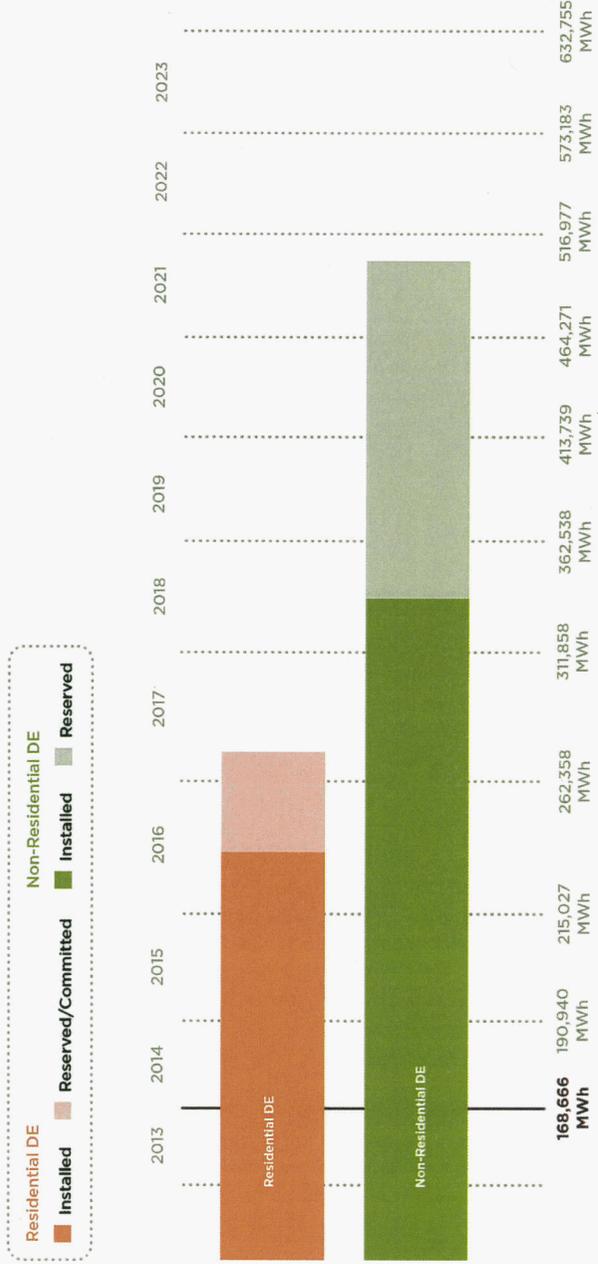
- No new programs in 2014
  - o Requests \$143M budget (\$114 through RES adjustor) to meet prior commitments and on-going programs
    - Final AZ Sun projects include 10 MW at Luke Air Force Base, 10 MW at City of Phoenix, and 30 MW at APS's Redhawk facility; development to continue in 2014 with final RFPs and start of construction
  - o APS expects **approximately 1250 MW of total installed renewable capacity by 2015**, including **approximately 920 MW of total solar capacity**
  - o Third party developers are projected to own **85 percent** of all renewable energy from 2014-2018



# Projected DE Compliance

- Based on current installations and existing programs, APS is projected to be in compliance with its residential DE requirements through 2016 and its non-residential DE requirements through 2020.
- Approximately \$40M in annual PBI legacy payments, and \$691M in total PBI commitments as of 2014.

PROJECTED DISTRIBUTED ENERGY PRODUCTION FROM APPROVED PROGRAMS (MWh)



Year End Compliance Requirements (estimated)



## **RES Adjustor Proportionality**

- APS proposes 5 customer categories for RES adjustor collection
  - o Residential, Small/Medium/Large Commercial, Industrial
  - o Allows for increased equity for cost sharing across different customer sizes
- Seeks direction from Commission on allocating costs proportionally across categories
  - o Example 1 (Current 3 categories)
  - o Example 2 (5 categories)
  - o Example 3 (No Caps, pay based on proportional kWh compared to other customers)

## **Program Administration**

- APS is on track to comply with Decision No. 72737 requirement to install production meters to track data for RES compliance
  - o APS will have over 11,000 production meters in 2013 and an additional 13,000 in 2014
- Minor conforming changes proposed to DEAP
  - o Acknowledges production meter installation, interconnection requirements remain applicable irrespective of incentive program participation