

ORIGINAL OPEN MEETING



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MEMORANDUM

Arizona Corporation Commission

DOCKETED

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ARIZONA CORPORATION COMMISSION
DOCKET CONTROL

TO: THE COMMISSION

FROM: Utilities Division

DATE: September 30, 2013

DOCKETED BY 

RE: ARIZONA PUBLIC SERVICE COMPANY'S REQUEST TO REALLOCATE PRODUCTION BASED INCENTIVE FUNDING (DOCKET NOS. E-01345A-10-0394, E-01345A-12-0290, E-01933A-12-0296 AND E-04204A-12-0297)

On August 23, 2013, Arizona Public Service Company ("APS") asked the Arizona Corporation Commission ("Commission") for authorization to reallocate approximately \$24.6 million of Production Based Incentive ("PBI") funding to its Expanded Third Party Schools and Government Program ("Program"). APS explained that the reallocation was needed in order to install the remaining approved 8.75 MWac of the Program.

The Commission authorized APS to provide third-party PBI funding to finance 18.75 MWac of third-party owned distributed generation for schools and government entities in Decision No. 73636 (January 1, 2013). The approved incentive levels for the Program were up to \$0.09 per kWh for 15 year contracts and up to \$0.085 per kWh for 20 year contracts, with individual project incentives not to exceed 40 percent of the project's total cost.

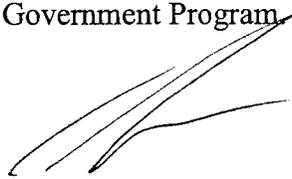
As of the date of the APS filing, APS had awarded contracts for approximately 10 MWac of the total approved 18.75 MWac. The incentives have been awarded through competitive solicitation, but the bids have not been as low as APS had expected from the Program. Therefore, the funding approved by the Commission for the Program will not be sufficient to fund the remaining 8.75 MWac authorized third-party program allocation.

APS, in its filing, is seeking authorization to reallocate \$24.6 million in authorized, but as yet uncommitted, third-party PBI funds toward the funding of the remaining Commission-approved 8.75 MWac of the Program. APS believes that this funding will allow APS to award incentives to third-party schools and government parties in future nomination periods up to the approved Program caps, if needed.

Staff Recommendation

Staff has reviewed the APS application and the responses by APS to Staff's Data Requests.

Staff recommends approval of the APS request to transfer \$24.6 million in authorized, but as yet uncommitted, third-party PBI funds to the Expanded Third Party Schools and Government Program.



Steven M. Olea
Director
Utilities Division

SMO:RTW:lh\MAS

ORIGINATOR: Ray Williamson

1 **BEFORE THE ARIZONA CORPORATION COMMISSION**

2 BOB STUMP
Chairman
3 GARY PIERCE
Commissioner
4 BRENDA BURNS
Commissioner
5 BOB BURNS
Commissioner
6 SUSAN BITTER SMITH
Commissioner

7
8 IN THE MATTER OF ARIZONA PUBLIC
SERVICE COMPANY REQUEST FOR
9 APPROVAL OF UPDATED GREEN POWER
10 RATE SCHEDULES GPS-1, GPS-2, AND GPS-3

DOCKET NO. E-01345A-10-0394

11 IN THE MATTER OF THE APPLICATION OF
ARIZONA PUBLIC SERVICE COMPANY FOR
12 APPROVAL OF ITS 2013 RENEWABLE ENERGY
STANDARD IMPLEMENTATION FOR RESET OF
13 RENEWABLE ENERGY ADJUSTOR

DOCKET NO. E-01345A-12-0290

14 IN THE MATTER OF THE APPLICATION OF
TUCSON ELECTRIC POWER COMPANY FOR
15 APPROVAL OF ITS 2013 RENEWABLE ENERGY
STANDARD IMPLEMENTATION PLAN AND
16 DISTRIBUTED ENERGY ADMINISTRATIVE
17 PLAN AND REQUEST FOR RESET OF ITS
18 RENEWABLE ENERGY ADJUSTOR

DOCKET NO. E-01933A-12-0296

19 IN THE MATTER OF THE APPLICATION OF UNS
ELECTRIC, INC. FOR APPROVAL OF ITS 2013
20 RENEWABLE ENERGY STANDARD
IMPLEMENTATION PLAN AND DISTRIBUTED
21 ENERGY ADMINISTRATIVE PLAN AND
22 REQUEST FOR RESET OF ITS RENEWABLE
23 ENERGY ADJUSTOR

DOCKET NO. E-04204A-12-0297

DECISION NO. _____

ORDER

24 Open Meeting
October 16 and 17, 2013
25 Phoenix, Arizona

26 BY THE COMMISSION:

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FINDINGS OF FACT

1
2 1. Arizona Public Service Company ("APS") is certificated to provide electric service
3 as a public service corporation in the State of Arizona.

4 2. On August 23, 2013, APS asked the Arizona Corporation Commission
5 ("Commission") for authorization to reallocate approximately \$24.6 million of Production Based
6 Incentive ("PBI") funding to its Expanded Third Party Schools and Government Program
7 ("Program"). APS explained that the reallocation was needed in order to install the remaining
8 approved 8.75 MWac of the Program.

9 3. The Commission authorized APS to provide third-party PBI funding to finance
10 18.75 MWac of third-party owned distributed generation for schools and government entities in
11 Decision No. 73636 (January 1, 2013).

12 4. The approved incentive levels for the Program were up to \$0.09 per kWh for 15
13 year contracts and up to \$0.085 per kWh for 20 year contracts, with individual project incentives
14 not to exceed 40 percent of the project's total cost.

15 5. As of the date of the APS filing, APS had awarded contracts for approximately 10
16 MWac of the total approved 18.75 MWac. The incentives have been awarded through competitive
17 solicitation, but the bids have not been as low as APS had expected from the Program. Therefore,
18 the funding approved by the Commission for the Program will not be sufficient to fund the
19 remaining 8.75 MWac authorized third-party program allocation.

20 6. APS, in its filing, is seeking authorization to reallocate \$24.6 million in authorized,
21 but as yet uncommitted, third-party PBI funds toward the funding of the remaining Commission-
22 approved 8.75 MWac of the Program.

23 7. APS believes that this funding will allow APS to award incentives to third-party
24 schools and government parties in future nomination periods up to the approved Program caps, if
25 needed.

Staff Recommendation

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27 8. Staff has reviewed the APS application and the responses by APS to Staff's Data
28 Requests.

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ORDER

IT IS THEREFORE ORDERED that Arizona Public Service Company is authorized to reallocate \$24.6 million of previously authorized, but as yet uncommitted, Production Based Incentive Funding to the Expanded Third Party Schools and Government Program.

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

BY THE ORDER OF THE ARIZONA CORPORATION COMMISSION

CHAIRMAN

COMMISSIONER

COMMISSIONER

COMMISSIONER

COMMISSIONER

IN WITNESS WHEREOF, I, JODI JERICH, Executive Director of the Arizona Corporation Commission, have hereunto, set my hand and caused the official seal of this Commission to be affixed at the Capitol, in the City of Phoenix, this _____ day of _____, 2013.

JODI JERICH
EXECUTIVE DIRECTOR

DISSENT: _____

DISSENT: _____

SMO:RTW:lh\MAS

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