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BEFORE THE ARIZONA CORPORATION

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COMMISSIONERS

BOB STUMP- Chairman
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AZ CORP COMMISSION
DOCKET CONTROL

IN THE MATTER OF THE APPLICATION OF ARIZONA PUBLIC SERVICE COMPANY FOR A HEARING TO DETERMINE THE FAIR VALUE OF THE UTILITY PROPERTY OF THE COMPANY FOR RATEMAKING PURPOSES, TO FIX A JUST AND REASONABLE RATE OF RETURN THEREON, AND TO APPROVE RATE SCHEDULES DESIGNED TO DEVELOP SUCH RETURN.

DOCKET NO. E-01345A-11-0224

STAFF'S NOTICE OF FILING

Staff of the Arizona Corporation Commission ("Staff") hereby provides notice of filing the attached Notice in this Docket and Docket No. E-01345A-13-0248 (APS's Application for Approval of Net Metering Cost Shift Solution).

RESPECTFULLY SUBMITTED this 23rd day of October 2013.

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Original and thirteen (13) copies of the foregoing filed this 23rd day of October 2013 with:

Docket Control
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1200 West Washington Street
Phoenix, Arizona 85007

Arizona Corporation Commission

DOCKETED

OCT 23 2013

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Notice to Parties in Docket Nos. E-01345A-11-0224 and E-01345A-13-0248

On September 30, 2013, Staff docketed a Memorandum and Proposed Order in Docket No. E-01345A-13-248 (*APS's Application for Approval of Net Metering Cost Shift Solution*) (hereinafter "Net Metering Case"). In its proposal, Staff recommends that the issues raised in the Net Metering Case should be addressed in APS's next rate case. However, Staff's filing also discusses two alternatives in case the Commission elects to address these issues before APS's next rate case. The two alternatives are revenue neutral rate options that involve changes to the Lost Fixed Cost Recovery ("LFCR") mechanism adopted in APS's last rate case.

Even though Staff is recommending that the Commission defer these issues to APS's next rate case, it is possible that the Commission may approve one of the two alternative options, or some form thereof. While Staff believes that the Settlement Agreement in the last APS rate case anticipates that the Commission will make modifications to the LFCR as the Commission deems necessary, Staff is nonetheless providing notice that adoption of either of the two revenue neutral rate options discussed in Staff's filing would result in changes to the LFCR mechanism.

A copy of APS's Application and Staff's Memorandum and Proposed Order in the APS Net Metering Case can be obtained by going to the Commission's website, selecting the e-Docket function, and inputting Docket No. E-01345A-13-0248. This matter may be heard by the Commission at an Open Meeting in November. However, interested parties should consult the Commission's website for the specific meeting date and time.