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ARIZONA CORPORATION COMMISSION
DOCKET CONTROL

State Regulation

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December 20, 2013

Docket Control
Arizona Corporation Commission
1200 W. Washington
Phoenix, AZ 85007

RE: Arizona Public Service Company's Application for Approval of Net Metering Cost Shift Solution Docket No. E-01345A-13-0248

Pursuant to Decision No. 74202 dated December 3, 2013:

IT IS FURTHER ORDERED that Arizona Public Service Company shall implement a \$.70 per kW per month interim LFCR DG adjustment for all residential DG installations after December 31, 2013, consistent with the Commission's findings herein. The interim LFCR DG adjustment shall not apply to any customer on Arizona Public Service's ECT-2 rate.

IT IS FURTHER ORDERED that Arizona Public Service Company shall file by December 6, 2013, as a compliance item in this docket, its proposed modifications to its Plan of Administration for its LFCR mechanism to incorporate the interim LFCR DG adjustment approved in this decision, for Staff approval.

Enclosed please find Rate Rider Schedule LFCR DG - Residential Service Interim Adjustment for New Distributed Generators. Also enclosed is Schedule 2 of the Lost Fixed Cost Recovery ("LFCR") Plan of Administration. These Schedules which were originally filed on December 5, 2013 has been revised to incorporate suggestions requested by Arizona Corporation Commission Staff.

If you have any questions regarding this information, please contact Charles Miessner at (602)250-3081.

Sincerely,

Jeffrey W. Johnson

JJ/cd
Attachments

Arizona Corporation Commission

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**RATE RIDER SCHEDULE LFCR DG
RESIDENTIAL SERVICE
INTERIM ADJUSTMENT FOR NEW DISTRIBUTED
GENERATORS**

AVAILABILITY

This rate rider schedule is available in all territory served by the Company.

APPLICATION

This rate rider schedule is applicable to residential customers that have a distributed generation facility on their premises that is serving a portion of or all of the customer's electric requirements.

A distributed generation facility is an electrical generator, other than a mobile emergency backup unit, sited on the customer's premises and that uses renewable resources, a fuel cell, or combined heat and power to produce electricity.

This schedule shall not apply to customers that (1) installed a distributed generation facility through APS's interconnection process prior to January 1, 2014 or (2) submitted an application for interconnection and a signed contract with an installer to APS prior January 1, 2014.

This schedule shall not apply to customers being served under retail rate schedule ECT-2 or successor rate schedule.

All provisions of the customer's retail rate schedule and other applicable riders will continue to apply.

CHARGES

The charges below shall be applied to the nameplate kW-DC power rating of the distributed generation facility.

These charges may be revised from time to time as approved by the Arizona Corporation Commission. However, the revised amounts shall only apply to customers that submit a signed contract with an installer to APS after the revision is approved. Other distributed generation facilities shall continue to be subject to the prior charge (or charges). These successive tranches of charges shall remain in place until APS's next rate case, at which time these charges may be increased, decreased, left as is, or eliminated.

This "grandfathering" of charges until APS's next rate case shall pertain to the distributed generation system and the premises where it is sited and is not restricted to the current homeowner or customer of record.

Any customer found to have not registered their distributed generation system with APS through the application and interconnection process when their distributed generation system was installed shall, upon such finding, be subject to the "Generators not registered with APS" charge.

Monthly Charges (apply one of the following charges):

LFCR DG adjustment	\$0.70	Per kW-DC of generation
Generators not registered with APS	\$3.00	Per kW-DC of generation

Arizona Public Service Company
Lost Fixed Cost Recovery Mechanism
Schedule 2: LFCR Annual Incremental Cap Calculation

Line No.	(A) LFCR Annual Incremental Cap Calculation	(\$000)	(B) Reference	(C) Totals
1.	Applicable Company Revenues			
2.	Allowed Cap %			1.00%
3.	Maximum Allowed Incremental Recovery		(Line 1 * Line 2)	\$ -
4.	Total Lost Fixed Cost Revenue		Schedule 3, Line 38, Column C Previous Filing, Schedule 2, Line 13, Column C	\$ -
5.	Total Deferred Balance from Previous Period			-
6.	Annual Interest Rate			0.00%
7.	Interest Accrued on Deferred Balance		(Line 5 * Line 6)	-
8.	Total Lost Fixed Cost Revenue Current Period		(Line 4 + Line 5 + Line 7)	\$ -
9.	Lost Fixed Cost Revenue from Prior Period		Previous Filing, Schedule 2, Line 15, Column C	
10.	Lost Fixed Cost Revenue - Billed ¹			
11.	LFCR Balancing Account		(Line 9 - Line 10)	\$ -
12.	Total Incremental Lost Fixed Cost Revenue for Current Year		(Line 8 - Line 9 + Line 11)	\$ -
13.	Amount in Excess of Cap to Defer		(Line 12 - Line 3)	\$ -
14.	Incremental Period Adjustment as %		[(Line 12 - Line 13) / Line 1]	0.00%
15.	Total Lost Fixed Cost Revenue for Current Period		(Line 8 + Line 11 - Line 13)	\$ -

¹Amount billed to customers for the 12 calendar months of 20XX including Rate Rider LFCR DG