



ORIGINAL

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July 15, 2014

ARIZONA CORPORATION COMMISSION
DOCKET CONTROL

Arizona Corporation Commission
DOCKETED

JUL 15 2014

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

DOCKETED BY 

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

On December 3, 2013, the Commission issued Decision No. 74202 that approved a \$0.70/kW monthly interim adjustment charge ("LFCR-DG Charge") for residential distributed generation (DG) systems installed on and after January 1, 2014.¹ As a part of that Decision, the Commission found that a reasonable monthly charge for DG systems was \$3.00/kW, but adopted instead a \$0.70/kW charge as an interim step to address the cost shift from DG customers to non-DG customers as discussed in the Company's application in this docket.

The Commission stated that the LFCR-DG Charge may be periodically adjusted and the Company is required to provide quarterly DG statistics intended to reflect ongoing market penetration of DG systems in the APS service territory:

IT IS FURTHER ORDERED that Arizona Public Service Company shall file quarterly reports as discussed herein, with the first report due April 15, 2014. At a minimum, the report shall include the number of DG installations per month, size of the installations by kW, and the amount collected each month through the interim LFCR DG adjustment. (*Decision No. 74202, page 29 line 17.*)

This is the Company's filing for the second quarter of 2014.

To date over 26,800 residential grid-tied solar photovoltaic (PV) systems have been installed in APS's service territory, and the Company estimates that over 30,000 systems will be installed on residential customer rooftops by the end of 2014. The Company anticipates that it will be in compliance with the Renewable Energy Standard (RES) residential DG requirements through mid-2017 and with the RES non-residential requirements through mid-2021. It is important to note that these compliance projections reflect only DG systems that received incentives. The Commission has not decided whether, and if so how, the Company should count interconnection-only DG installations, *i.e.*, installations that do not receive a cash incentive, towards compliance with the RES requirements.

¹ Residential customers who before December 31, 2013 either installed DG systems on their homes or submitted applications to APS for installation of a DG system along with a signed contract with a solar installer are grandfathered under the then in effect net metering policies until APS's next rate case. See Decision 74202, page 24, lines 17-20. In addition, customers served under the Company's Rate Schedule ECT-2, the Company's active residential demand rate, are excluded from the LFCR-DG Charge.

Tables 1 and 2 (attached) provide the information required by Decision No. 74202 for the first and second quarters of 2014.

If you have any questions regarding this information, please call Greg Bernosky at (602)250-4849.

Sincerely,

A handwritten signature in black ink, appearing to read "Lisa Malagon", with a long horizontal flourish extending to the right.

Lisa Malagon

LM/bgs

c: Steve Olea
Terri Ford
Brian Bozzo

TABLE 1
 MONTHLY DG STATISTICS FOR 2014
 FOR SYSTEMS SUBJECT TO THE LFCR-DG ADJUSTMENT

	January 2014	February 2014	March 2014	April 2014	May 2014	June 2014
Total Number of Installations	-	58	128	336	381	466
< 5kW	-	16	30	79	121	135
5 to 6.5kW	-	12	38	95	106	111
6.5 to 10kW	-	24	46	131	126	173
> 10kW	-	6	14	31	28	47
Total Number of kW Installed	-	386	854	2,259	2,350	3,029

Installations Subject to LFCR-DG Charge. Installations connecting to the grid on or after January 1, 2014 and not subject to the system grandfathering provisions (see Decision No. 74202).

The number of LFCR eligible installations for Q1 reflect an increase in the number of installed systems that qualified for grandfathering status.

TABLE 2
 CUMULATIVE DG BILLING STATISTICS FOR Q2 2014
 FOR SYSTEMS SUBJECT TO THE LFCR-DG ADJUSTMENT

	January 2014	February 2014	March 2014	April 2014	May 2014	June 2014
Number of Accounts Billed LFCR-DG	-	-	-	-	685	1,056
LFCR-DG Amount Billed	-	-	-	-	\$2,330	\$3,985

LFCR-DG Amount Billed. Revenues billed to customers subject to LFCR-DG Charge. Billed number of accounts may not be reflective of the total number of installed accounts due to billing cycle variances.