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NDA BURNS PROPOSED AMENDMENT NO. 2

ORIGINAL

TIME/DATE PREPARED: December 18, 2014

COMPANY: Arizona Public Service Company

AGENDA ITEM NO. 10

DOCKET NO(S). E-01345A-13-0140 &
E-01345A-14-0250

OPEN MEETING DATE: December 18-19, 2014

This amendment is an alternative to Brenda Burns' Proposed Amendment #1

Page 4, DELETE Line 16 through Page 11, Line 23

Page 12, DELETE Finding of Fact No. 41, Lines 3 through 7 and INSERT:

“16. On December 3, 2014, APS filed a new proposal for installing and owning Residential Rooftop DG. The primary revisions to its original proposal are that the project would now only be 10MW (instead of 20MW) and that APS would no longer be seeking cost recovery through the REST Surcharge, but would seek cost recovery in a future rate case just as it does for all other plant investment between rate cases.

17. APS is also seeking Commission approval of its proposal to own Residential Rooftop DG, even though no such approval is legally required, i.e., since APS is not seeking cost recovery prior to putting this plant into service, it may seek cost recovery in its next rate case after this plant is actually being used.

18. The Commission agrees with Staff that the proposed 20 MW AZ Sun DG project may not be needed to meet the Company's 2009 Settlement requirements. In fact, approval of any such project of any size, whether utility scale or utility-owned rooftop DG, would likely provide APS with generation capacity that could be considered excess, based on APS's current reserve margin and its plans to soon expand its Ocotillo Generating Station. In addition, the residential DG market in APS's services territory is quite robust, which should be reducing APS's need for additional residential rooftop DG capacity.

19. Because the costs that would be incurred and potentially passed along to ratepayers and the fact that Commission approval is not required for APS's proposal, the Commission is not approving APS's request for utility-owned DG at this time.

PLEASE MAKE ALL CONFORMING CHANGES.

Arizona Corporation Commission

DOCKETED

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