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February 6, 2015

Docket Control  
Arizona Corporation Commission  
1200 West Washington Street  
Phoenix, Arizona 85007

RE: Arizona Public Service Company ("APS" or "Company")  
Docket No. E-00000V-13-0070  
Comments to Commissioner Bob Burns' letter regarding IRP workshop

Attached please find the Company's Comments to Commissioner Bob Burns' letter dated January 27, 2015 regarding a workshop to discuss Integrated Resource Planning to be held February 26, 2015.

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

Sincerely,

Lisa Malagon

LM/sb  
Attachment

cc: Parties of Record  
Steve Olea  
Terri Ford

Arizona Corporation Commission  
DOCKETED  
FEB - 6 2015

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11 **BEFORE THE ARIZONA CORPORATION COMMISSION**

12 **COMMISSIONERS**

13 SUSAN BITTER SMITH, Chairman  
14 BOB STUMP  
15 BOB BURNS  
16 DOUG LITTLE  
17 TOM FORESE

18 IN THE MATTER OF RESOURCE  
19 PLANNING AND PROCUREMENT.

DOCKET NO. E-00000V-13-0070

20 IN THE MATTER OF THE COMMISSION'S  
21 INQUIRY INTO POTENTIAL IMPACTS TO  
22 THE CURRENT UTILITY MODEL  
23 RESULTING FROM INNOVATION AND  
24 TECHNOLOGICAL DEVELOPMENTS IN  
25 GENERATION AND DELIVERY OF  
26 ENERGY.

DOCKET NO. E-00000J-13-0375

**APS'S COMMENTS IN  
RESPONSE TO COMMISSIONER  
BURNS' JANUARY 27, 2015  
LETTER**

27 APS submits the following comments in advance of the February 26, 2015  
28 workshop and in response to Commissioner Robert Burns' January 27, 2015 letter. APS  
looks forward to discussing these issues at the workshop.

**A. Improvements to the IRP Process**

As noted in APS's December 5, 2014 Comments to Staff's Assessment of 2014  
Integrated Resource Plan (IRP), which are incorporated herein by this reference, APS  
agrees that the current IRP process in Arizona could be improved by increasing the  
transparency of the process and including earlier input from the Commission and

1 stakeholders. Specifically, APS proposed conducting a Request for Information (RFI)  
2 early in the process to obtain technology specific information about the relative costs  
3 and operational characteristics of various technologies, including feasible emerging  
4 technologies. An independent monitor would review the RFI process and stakeholders  
5 would be afforded the opportunity to provide input into the RFI. The results of the RFI  
6 would be provided to the Commission and its consultant.

7 APS also proposed that a Commission led workshop or workshops be held during  
8 the IRP development process. APS suggested that such workshop(s) address issues such  
9 as utility system needs, upcoming generation needs, potential planning scenarios, load  
10 growth and forecasts. The workshops would involve the Commissioners, Commission's  
11 IRP consultants and Staff, all jurisdictional utilities, and stakeholders, and would  
12 provide a formal opportunity for these groups to provide input earlier in each utility's  
13 planning process. The workshop could also be used to address the comment raised by  
14 RUCO and others regarding providing a formal mechanism for earlier input into the  
15 process by the Commission and affected stakeholders on critical inputs such as load  
16 forecasts, resource costs, new technologies, impacts of future anticipated regulations and  
17 customer preferences. APS may also conduct additional workshops and solicit customer  
18 feedback as part of its process for preparing IRPs.

19 **B. Improving Coordination Between IRP and Existing Transmission**  
20 **Planning Processes**

21 APS is also supportive of further enhancing the IRP process to include concepts  
22 such as integration with transmission planning through consideration of the utility 10-  
23 Year Transmission Plans and available long-range distribution initiatives such as  
24 advanced grid technology deployment plans. APS is currently exploring whether, and if  
25 so how, other jurisdictions integrate these two vital processes and looks forward to  
26 discussing how this might work consistent with Arizona's existing rules and planning  
27 processes. APS also supports utilizing the IRP process to better determine the level,  
28 types, and timing of energy efficiency and other demand side management resources

1 needed on the system, such as load control programs and rate plans that influence  
2 customer behavior.

3 **C. Assessment and Integration of Additional & Emerging Technologies**

4 In preparing its 2014 IRP, APS considered a wide variety of supply side and  
5 demand side technologies, including emerging technologies. In that IRP, APS  
6 emphasized rapidly changing markets and the need for highly flexible, responsive  
7 generation. Consistent with this, APS assessed, among other things, the costs and  
8 feasibility of employing flexible generation assets such as storage solutions, the impact  
9 of distributed generation, and the deployment of advanced grid technologies such as  
10 communication infrastructure, voltage management, automated switching, asset health  
11 monitoring, and operational platforms. The results of this assessment are reported in  
12 APS's 2014 IRP.

13 In its Report on Innovation and Technological Developments, filed December 19,  
14 2014, Commission Staff discusses several technological developments that were topics  
15 of presentations in the 2014 workshops and are expected to impact the utility industry,  
16 stakeholders, and regulators. These developments include microgrids, expansion of the  
17 advanced grid, distribution voltage optimization, and energy imbalance markets. As  
18 discussed in the workshops, APS has already installed or is actively exploring each of  
19 these technologies in order to modernize the grid, ensure flexibility, and enable choice  
20 for our customers. APS supports Staff's recommendations for utilities to report progress  
21 on development and integration of these advanced technologies within an expanded IRP  
22 process.

23 **D. Resource Procurement and the APS-RUCO Memorandum of**  
24 **Understanding**

25 As discussed in APS's December 5, 2014 Comments to Staff's Assessment of  
26 2014 Integrated Resource Plan, APS has agreed that prior to proceeding with the  
27 additional 300 MW of peaking capacity planned for the Ocotillo Modernization Project  
28 (OMP), the Company would conduct a Request for Proposal (RFP) for approximately

1 300 MW of peaking capacity. This RFP was issued on January 30, 2015, and APS has  
2 retained an independent monitor as required by the resource planning rules. Bids are  
3 anticipated to be received by March 18, 2015.

4 The Commission and other interested parties have questioned how utility IRPs  
5 and procurement decisions could be more transparent, and how stakeholders could have  
6 more input to these processes. APS offers the following suggestions for discussion  
7 regarding increased Commission involvement in utility procurement decisions. First,  
8 APS recommends that the Commission actually approve, rather than merely  
9 “acknowledge,” individual utility resource plans. With an IRP approval process, the  
10 Commission would have a better opportunity to provide policy direction and guidance to  
11 utilities regarding their future plans. In turn, an approval process would also provide  
12 utilities with an increased level of certainty prior to proceeding with future plans.  
13 Second, as noted above, APS has recommended that utilities conduct an RFI during the  
14 initial IRP planning stages. An RFI will provide all parties with more robust  
15 information regarding available technologies earlier in the IRP planning cycle that can  
16 then be used to impact future planning and procurement decisions. Third, APS’s  
17 agreement with RUCO to conduct an all-source RFP prior to December 21, 2016 will  
18 provide information that can be considered in the IRP process as well as future  
19 procurement decisions. In this all-source RFP, as with the OMP Peaking RFP, price  
20 transparency will be gained for a variety of technologies, including energy storage.

21 **E. Potential Speakers**

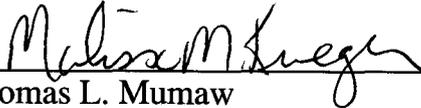
22 APS is happy to make available its in-house subject matter experts to present at  
23 the February 26th workshop. Jim Wilde, Director of Resource Planning at APS, will  
24 discuss IRP issues including the Company’s recommendations on process changes, and  
25 Scott Bordenkircher, Director of T&D Technology Innovation and Integration at APS,  
26 will discuss the Company’s testing, development, and adoption of emerging  
27 technologies. APS also suggests the Commission consider inviting a representative  
28

1 from the Regulatory Assistance Project to speak at the workshop to provide insights on  
2 how resource planning is conducted in other jurisdictions.

3 **Conclusion**

4 APS looks forward to continuing discussions with the Commission and other  
5 interested parties on emerging technologies, improvements to the IRP process, and other  
6 important issues in the upcoming workshop.

7  
8 RESPECTFULLY SUBMITTED this 6th day of February, 2015.

9  
10 By:   
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12 Melissa M. Krueger

13 Attorneys for Arizona Public Service Company

14 ORIGINAL and thirteen (13) copies  
15 of the foregoing filed this 6th day of  
16 February, 2015, with:

17 Docket Control  
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