Commissioner Brenda Burns
Arizona Corporation Commission
1200 West Washington Street
Phoenix, Arizona 85007

RE: ARIZONA PUBLIC SERVICE COMPANY NET METERING APPLICATION
(DOCKET NO. E-01345A-13-0248)

Dear Commissioner Burns:

Staff submits this in response to your letter docketed on November 4, 2013. The following attachment addresses the question raised in your November 4th letter regarding the issue of the annual cost shift, as well as the cost shift over a 20 year period for each 20 MW increment. Staff assumed an average system size of 7 kW, which results in approximately 2,857 systems for each 20 MW increment. Staff looked at the first five 20 MW increments under Residential Utility Consumer Office’s (“RUCO”) proposal for both short and long-term cost shifts of $50 and $21, respectively. Under RUCO’s proposal the long-term cost shift is corrected by the fifth 20 MW increment and no additional dollars are shifted from non-DG to DG customers.

I hope this response is helpful and provides you with the information you need. Please feel free to contact me with any further questions you may have.

Steven M. Olea
Director
Utilities Division

SMO:PL:hlm

Attachment

cc: Chairman Stump
    Commissioner Pierce
    Commissioner Burns
    Commission Bitter Smith
    Docket Control
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### Short Run Cost Shift

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<th>Avg System Size</th>
<th>Number of Systems</th>
<th>Charge per kW (per month)</th>
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<th>Short Run Cost Shift (per month)</th>
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<th>Additional Cost Shift per Month</th>
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