January 15, 2015

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

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.

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.)

Overall, more than 7,790 residential DG systems were installed in the APS service territory in 2014 representing 57 MWdc of renewable generation.

Tables 1 and 2 (attached) provide statistics for the subset of DG systems that are subject to the LFCR-DG Charge. In 2014, 4,700 residential customers installed systems subject to the LFCR-DG Charge, representing almost 33 MWdc, and a total of $78,623 was collected through the charge. Approximately 60% of DG systems installed in APS’s service territory in 2014 are subject to the LFCR-DG Charge.

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

Sincerely,

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**

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</thead>
<tbody>
<tr>
<td><strong>Total Number of Installations</strong></td>
<td>-</td>
<td>58</td>
<td>128</td>
<td>336</td>
<td>381</td>
<td>466</td>
<td>476</td>
<td>485</td>
<td>387</td>
<td>490</td>
<td>-</td>
</tr>
<tr>
<td>&lt; 5kW</td>
<td>-</td>
<td>16</td>
<td>30</td>
<td>79</td>
<td>121</td>
<td>135</td>
<td>143</td>
<td>163</td>
<td>97</td>
<td>120</td>
<td>-</td>
</tr>
<tr>
<td>5 to 6.5kW</td>
<td>-</td>
<td>12</td>
<td>38</td>
<td>95</td>
<td>106</td>
<td>111</td>
<td>109</td>
<td>88</td>
<td>92</td>
<td>104</td>
<td>-</td>
</tr>
<tr>
<td>6.5 to 10kW</td>
<td>-</td>
<td>24</td>
<td>46</td>
<td>131</td>
<td>126</td>
<td>173</td>
<td>158</td>
<td>175</td>
<td>133</td>
<td>168</td>
<td>-</td>
</tr>
<tr>
<td>&gt; 10kW</td>
<td>-</td>
<td>6</td>
<td>14</td>
<td>31</td>
<td>28</td>
<td>47</td>
<td>66</td>
<td>59</td>
<td>65</td>
<td>98</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total Number of kW Installed</strong></td>
<td>-</td>
<td>386</td>
<td>854</td>
<td>2,259</td>
<td>2,350</td>
<td>3,029</td>
<td>3,293</td>
<td>3,179</td>
<td>2,758</td>
<td>3,821</td>
<td>-</td>
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</tbody>
</table>

**Notes to Table 1:** Certain installations are not subject to the LFCR-DG charge: systems reserved and/or connected to the grid prior to January 1, 2014 under the system grandfathering provisions in Decision No. 74202, and customers served under the Company’s Rate Schedule ECT-2.

Table 1 reflects installations subject to the LFCR-DG charge at the time of installation. Subsequent changes in rate plans or removal of solar systems are not reflected.

### TABLE 2

**CUMULATIVE DG BILLING STATISTICS FOR Q4 2014**

**FOR SYSTEMS SUBJECT TO THE LFCR-DG ADJUSTMENT**

<table>
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</thead>
<tbody>
<tr>
<td><strong>Number of accounts billed LFCR-DG</strong></td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>685</td>
<td>1,056</td>
<td>1,496</td>
<td>1,963</td>
<td>2,478</td>
<td>2,975</td>
<td>-</td>
</tr>
<tr>
<td><strong>Amount billed through LFCR-DG</strong></td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>$2,330</td>
<td>$3,985</td>
<td>$5,991</td>
<td>$8,284</td>
<td>$10,632</td>
<td>$12,992</td>
<td>-</td>
</tr>
</tbody>
</table>

**Notes to Table 2:** Billed number of accounts may not be reflective of the total number of installed accounts due to billing cycle variances.