April 15, 2015

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

RE: Arizona Public Service Company (APS or Company)

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.)

First quarter 2015 statistics are attached in Tables 1 and 2.

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

Sincerely,

Lisa Malagon
LM/bgs

cc: Steve Olea
Terri Ford
Brian Bozzo
### TABLE 1

MONTHLY DG STATISTICS FOR 2015
FOR SYSTEMS SUBJECT TO THE LFCR-DG ADJUSTMENT

<table>
<thead>
<tr>
<th></th>
<th>January 2015</th>
<th>February 2015</th>
<th>March 2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Number of Installations</td>
<td>565</td>
<td>708</td>
<td>438</td>
</tr>
<tr>
<td>&lt; 5kW</td>
<td>106</td>
<td>109</td>
<td>90</td>
</tr>
<tr>
<td>5 to 6.5kW</td>
<td>132</td>
<td>165</td>
<td>102</td>
</tr>
<tr>
<td>6.5 to 10kW</td>
<td>228</td>
<td>272</td>
<td>174</td>
</tr>
<tr>
<td>&gt; 10kW</td>
<td>99</td>
<td>162</td>
<td>72</td>
</tr>
</tbody>
</table>

**Total Number of kW Installed**: 4,189, 5,601, 3,206

**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 Q1 2015
FOR SYSTEMS SUBJECT TO THE LFCR-DG ADJUSTMENT

<table>
<thead>
<tr>
<th></th>
<th>January 2015</th>
<th>February 2015</th>
<th>March 2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of accounts billed LFCR-DG</td>
<td>4,910</td>
<td>5,735</td>
<td>6,246</td>
</tr>
<tr>
<td>Amount billed through LFCR-DG</td>
<td>$23,181</td>
<td>$26,766</td>
<td>$30,247</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. Includes LFCR-DG eligible installations from 2014.