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A subsidiary of Pinnacle West Capital Corporation

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Steven M. Wheeler
Executive Vice President
Customer Service & Regulation

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September 27, 2004

Arizona Corporation Commission
DOCKETED
SEP 27 2004
DOCKETED BY

The Honorable Kristin K. Mayes
ARIZONA CORPORATION COMMISSION
1200 West Washington
Phoenix, Arizona 85007-2996

RE: Docket No. E-01345A-04-0657

Dear Commissioner Mayes:

Bill Post has asked me to respond to your letter of September 20, 2004. As you will see, some of the information you have requested has been previously submitted to the Commission or to Commission Staff. For your convenience, however, I have attached additional copies. I also have attached a copy of our response to the Read complaint which we filed with the Commission earlier this week, and that is Attachment No. 1 hereto.

Attachment No. 2 is the description of our estimation procedures as set forth in Exhibit C to our Application in Docket No. E-01345-03-0777 (which we filed with the Commission last October and later amended). As was discussed in the Application, APS does not believe its estimation procedures required Commission approval, or alternatively, that it had already received any needed approval in the *Ciconne* complaint proceeding cited at page 3 of our response to the Read complaint.

Attachment No. 3 is a description of CIS. This was from an APS data response to an earlier inquiry by Commission Staff.

Attachment No. 4 is a description of changes made to CIS software since its installation in 1998 that relate, however tangentially, to bill estimation. Please note that virtually all of these changes relate to having the estimation program run as intended and do not involve changes in how the estimations were derived.

Attachment Nos. 5 and 6 are the requested e-mails/memos. As discussed above, APS does not believe these changes to one of the many data points used in its bill estimation formula required Commission approval, but does believe they were known to those Commission Staff responsible for handling utility customer complaints and bill

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inquiries. Some of the contents of these e-mails/memos have been taken out of context in the Read complaint, something that is addressed in our response to that complaint and in some of the other materials that we have provided to Commission Staff.

You have also asked questions as to whether the Company's CIS system or changes to its billing software have been "approved" by the Commission. To my knowledge, neither this particular system nor any previous computer billing system used by APS, or for that matter, any other Arizona utility has been submitted to the Commission for its approval. I can assure you that the CIS system undergoes extensive testing and review as to the accuracy of the information produced.

I hope this has been responsive to your request. As APS has indicated on several occasions since the filing of the Company's Application on Bill Estimation in October of 2003, we want to fairly resolve any issues raised by our bill estimation process as soon as possible.

Sincerely,

Steven M. Wheeler

SMW:DN
Enclosures
cc: Chairman Marc Spitzer (w/encl)
Commissioner Mike Gleason (w/encl)
Commissioner William Mundell (w/encl)
Commissioner Jeff Hatch-Miller (w/encl)
Parties to the Docket (w/encl)

Attachment 1

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September 20, 2004

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

RE: Docket No. E-01345A-04-0657

To Whom It May Concern:

Enclosed is Arizona Public Service Company's ("APS") Response to the Complaint in the above referenced matter.

If you or your staff have any questions, please feel free to call me.

Sincerely,

Jana Van Ness/vld

Jana Van Ness
Manager
Regulatory Compliance

JVN/vld

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Attorneys for Respondent Arizona Public Service Company

BEFORE THE ARIZONA CORPORATION COMMISSION

COMMISSIONERS

MARC SPITZER, Chairman
WILLIAM A. MUNDELL
JEFF HATCH-MILLER
MIKE GLEASON
KRISTIN K. MAYES

AVIS READ; individually, on Behalf of All Others Similarly Situated, Complainant, vs. ARIZONA PUBLIC SERVICE COMPANY, Respondent.	DOCKET NO: **ARIZONA PUBLIC SERVICE COMPANY'S RESPONSE TO COMPLAINT**

Respondent Arizona Public Service Company ("APS") responds to the Complaint filed by Claimant Avis Read ("Read" or "Claimant") and admits, denies and alleges as follows:

PRELIMINARY STATEMENT

The claims of the Complaint are without merit and the premise upon which the Complaint is based -- i.e., that APS has intentionally over-estimated electric charges or otherwise used improper estimating procedures -- is totally unfounded and contrary to the established facts. Despite the inflammatory rhetoric of the Complaint, the truth is that Claimant and her attorneys, after two years of litigation in the Superior Court, have failed to establish any meaningful support for these claims. Indeed, the facts show that the estimated bills that were sent to Ms. Read (which were necessary because she prevented access to her electric meter) consistently **underestimated** the amount of electricity consumed at her home.[1]

Bill estimation is a complex issue that varies by utility, by rate, by geography and by individual customer. And the issues raised by the Complaint (and by APS's earlier Application to the Commission) will affect not just APS, but every electric utility regulated by the Commission. APS is obligated to bill for service monthly, and the Commission regulations contemplate that bills shall be estimated when an actual read of the customer's meter cannot be obtained. APS has no incentive to overestimate charges when it renders an estimated bill because APS will always adjust the charges whenever it is possible to obtain an actual meter read or when an estimate is deemed to be too high. On the other hand, APS strives to make its estimating procedures as fair and accurate as reasonably possible so that customers who prevent their meters from being read do not profit from doing so (at the eventual expense of other customers).

There are no state or federal bill estimation standards, and the Commission's regulations relating to bill estimation are quite general. Nevertheless, APS believes that it has kept those members of the Commission Staff who are involved in handling

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[1] The same is true for the estimated bills sent to the other Plaintiffs in the Superior Court action -- the Schaefers -- who are not named in the Complaint filed in the ACC.

inquiries and complaints informed of APS' bill estimation procedures and has sought clarity regarding bill estimation. The fact that APS has sought to improve its bill estimation practices over time through changes and refinements in its estimating practices and procedures does not mean that previous practices and procedures were wrong. The very nature of bill estimating requires periodic refinement to make the estimating process and procedures as efficient, fair and reasonable as possible. APS has acted in good faith to do exactly that.

APS's estimating procedures, although somewhat refined in recent years, are not new and have been well known to the Commission. (See, e.g., *Ciccone Decision, ACC Docket No. U-1345-96-162 (Dec. 10, 1996)*, in which the Commission addressed at some length the estimating procedures used by APS "to estimate customer's demand when it is unable to read a customer's meter for some reason."). As the Commission stated in *Ciccone:*

> "APS has a computer program which it uses to estimate customer's demand when it is unable to read a customer's meter for some reason. The computer program estimates a customer's kW demand based on the customer's actual kWh usage, his previous months' usage, and kW demand readings for other customers with similar kWh usage. . . . We believe that APS's computer program, which is based on actual data of Mr. Ciccone's usage patterns and usage of other similar customers, results in a more accurate estimate of Mr. Ciccone's actual demand during the period when APS failed to reset the meter."

Since 1996, APS had modernized its computer program and has attempted to use updated customer information whenever possible, but has otherwise continued to estimate bills (when necessary) in essentially the same manner discussed and found reasonable in *Ciccone.*

The few internal APS e-mails referenced by Claimant in her Complaint as supposedly indicating that APS's estimating procedures are "ad hoc" and "arbitrary" in nature have been taken out of context, have been greatly exaggerated, and totally ignore the contrary statements and explanations provided under oath by the persons who authored those e-mails. Indeed, after two years of litigation and numerous

depositions of APS personnel, Claimant's attorneys have no factual support for their unfounded accusations that APS's estimating procedures are "ad hoc," "arbitrary," or unfair.

APS submits that this Complaint -- which began as an action in Superior Court but was then dismissed by the Superior Court after the Court denied class certification -- is contrary to what the Superior Court contemplated when it dismissed the case "without prejudice" on primary jurisdiction grounds. The Superior Court recognized that the claims in that action (as they are here) were based almost entirely on the contention by Claimant and her attorneys that the 1998 amendment to A.A.C. R14-2-210(A)(5) -- part of the electric utility deregulation amendments that have been declared unlawful by two courts -- allegedly made **all** estimated bills rendered by APS (and by all other regulated electric service providers in Arizona) since January 1, 1999, unlawful (thereby requiring APS to provide those customers with free electricity) because the estimating procedures had not been approved by the Commission. In essence, Claimant and her attorneys sought to take advantage (as they do here) of an unintended consequence of the 1998 amendment to Rule 210(A)(5) which for the first time discusses having estimating procedures approved by the Commission.

In response to those arguments by Claimant's attorneys, APS argued in the Superior Court that the 1998 amendment (which contemplated further action by the Director of the Utility Division before it could be implemented and which was invalidated by the Arizona Court of Appeals decision earlier this year in the *Phelps Dodge* case) surely could not have been intended to immediately invalidate existing estimating procedures used by incumbent Arizona utilities. APS also responded to Claimant's arguments in the Superior Court by filing its Application with the Commission (dated October 22, 2003, and later amendments) (ACC Doc. No. E-01345A-03-0775) seeking clarification from the Commission regarding the

applicability of amended Rule 210(A)(5). Because of the pendency of that Application before the Commission, the Superior Court (after two years of litigation and after denying the request by Claimant's attorneys for class certification) dismissed the case to allow the Commission to rule **on the pending Application** in the first instance. In short, the pending Application filed by APS in October of last year -- not the Complaint filed recently by Claimant -- is what first prompted Commission action on these issues. And, as contemplated by the Superior Court, resolution of the issues raised by that Application must necessarily precede any consideration of the claims asserted by Claimant (assuming any claims remain).

Indeed, given the history of the Superior Court action in which APS produced thousands of pages of documents to Claimant's attorneys and permitted numerous depositions of APS officers and employees regarding its estimating procedures, APS submits that the filing of this Complaint in the Commission -- with its inflammatory and unfounded rhetoric, its previously rejected class certification request, its failure to acknowledge that Claimant has not been damaged, and its failure to acknowledge the pending APS Application to the Commission -- speaks volumes about why the Commission should not take the allegations of the Complaint at face value. By its very nature, bill estimating is not perfect, but the extensive discovery in the Superior Court action demonstrated and confirmed that APS has acted in good faith -- as the Commission itself acknowledged in 1996 in the *Ciccone* decision -- to use estimating procedures that are fair and reasonable when a bill must be estimated.

In sum, APS strongly disagrees with the allegations of the Complaint, and APS stands ready to defend the propriety and reasonableness of its estimating procedures -- both as they apply to Claimant Read and to its customers generally. Set forth below is a more detailed and specific response to each of the allegations of Claimant's Complaint.

SPECIFIC RESPONSES TO COMPLAINT

1. Responding to paragraph 1 of the Complaint, class certification is not proper in this matter, as set out more fully in response to ¶¶ 87-94 below. Moreover, in the Superior Court case brought by Read, Maricopa County Superior Court Judge Rebecca Albrecht denied Read's motion for class certification because the Court determined (after extensive briefing and oral argument) that individual issues relating to liability and damages predominated because liability and damages could only be determined by separately analyzing the accounts of each customer. *See* Doc. Prod. Nos. APS0505848-49.[2] In addition, APS denies that the Commission has jurisdiction to grant class certification as requested by Read. In further response to paragraph 1, APS contends that its estimating and billing procedures on demand account (as well as other customer accounts) are entirely proper, as described more fully in ¶¶ 12-19, 67-70, 75-76 below.

2. In response to paragraph 2, APS denies that it has overcharged Read for estimated electrical usage or demand, and APS denies that it has intentionally or systematically overcharged any other customer who has received a bill that estimates electrical usage or demand. APS also denies that it arbitrarily invented its estimating procedures. (*See* ¶ 19.) Moreover, APS denies that it bills estimated demand readings as if they were actual readings of demand for the month being billed. (*See* ¶¶ 12-19, 67-70 and 75-76.) Finally, APS contends that APS' procedures for bill estimation either comply with or are exempt from or the requirements of A.A.C. R14-2-210 and A.A.C. R14-2-1612, as more fully set forth in ¶¶ 20-23 below.

3. In response to paragraph 3, upon information and belief, Avis Read is an APS electric customer who resides at 6826 E. Solcito Lane, Paradise Valley, Arizona. During the period from January 1, 1999 through July 16, 1999, Read did

[2] As used herein, "Doc. Prod. Nos." refers to the bates numbers of the documents produced by APS to the Commission Staff on September 13, 2004, in response to the Staff's data requests to APS dated September 3, 2004.

have an APS account that included a demand component at 6702 E. McDonald, Phoenix, Arizona (Account # 361330282, Meter # 906893). Read's account at 6826 E. Solcito Lane, Paradise Valley, Arizona (Account #361330282, Meter #A93326), however, is billed on a non-demand rate only. As described more fully in ¶ 25, neither Read nor any other APS customer who receives a bill that estimates usage for a non-demand account can pay for more energy than was actually used once an actual read is obtained because the total electric usage on bills for non-demand accounts reflect actual consumption once a read of the meter is obtained.

4. APS admits the allegations of paragraphs 4 and 5.

5. Responding to paragraph 6, APS is required by A.A.C. R14-2-210(A) to bill its electric customers on a monthly basis. APS offers its customers a number of billing rates from which to choose. An important distinction between those rates are the bases on which they are calculated -- consumption and demand. "Demand rate" accounts use both components. Consumption, or "kWh" (kilowatt hours), is the total amount of electricity that a customer has used during that billing cycle. KWh is the initial factor in the amount of the bill received by APS' customers. Demand, or "kW" (kilowatt), on the other hand, is the peak electric capacity consumed during a one-hour period in that billing cycle for residential accounts and a fifteen-minute period for commercial accounts. Kilowatt hours (kWh) and kilowatts (kW) are both billed at certain rates, and those line items are then totaled, resulting in a sum owed to APS for electrical use during that billing period. APS denies, however, that electric meters must be read every month to properly assess the number of kilowatt hours consumed by APS' customers. (*See, e.g.*, ¶ 25 below.)

6. Responding to paragraph 7, APS admits that it provides a variety of billing plans to its customers. APS offers rate plans that take into account when and how much energy is used at one time; that the demand portion of the bill is a charge based upon the electric capacity used in any 60-minute period for a residence or

15-minute period for a business during a billing period; and that this cost structure is designed, in part, to encourage customers to spread out electricity usage. As with other APS metered accounts, for accounts that have a demand component on their bill, APS's goal is to obtain an actual read for all meters each month. There are, however, a number of factors that may prevent APS from obtaining access to a customer's meter, including a locked or inaccessible gate, the presence of a dog, vegetation obstructing the view of the meter, or lack of access to the home itself. When APS is unable to access a customer's meter, APS attempts to estimate a customer's demand usage, as fairly and accurately as possible.

7. Responding to paragraph 8, it is impossible for APS, or any other utility, to conclusively determine, after the fact, the demand component of a customer's monthly usage. As described below in ¶¶ 16-18 and 75-76, as of March or April 1999, if a customer receives a bill that contains estimates for two consecutive months, the APS computer billing system creates a billing exception. The billing exception requires that account to be reviewed by a billing representative who manually calculates the bill based on that customer's account history and peak demand of other customers with similar kWh usage, and/or requests that a meter reader again attempt to obtain an actual read of the meter.

8. In further response to paragraph 8, when APS does in fact obtain an actual read after sending out an estimated read, the computer billing system creates a billing exception if the system determines that the demand component of the previous estimated reads was too high. (For instance, if APS estimated the demand portion as 10, but the actual demand read following that estimated bill was 8, CIS would create a billing exception when the bill that included the demand read of 8 was generated.) Again, the billing exception requires that account to be reviewed by a billing representative. If the billing representative determines that the estimated demand was too high based on the read, the billing representative would make the appropriate

refund to the customer by adjusting the current month's bill to reflect the credit for the over-estimate the previous month.

9. Responding to paragraph 9, APS denies these allegations. APS attempts to properly and fairly bill its customers for the electricity that they have used, and to do so pursuant to applicable regulations, rates and procedures.

10. Responding to paragraph 10, APS denies these allegations. *See* ¶¶ 12-25, 67-70, 75-76 and 80-85 below.

11. Responding to paragraph 11, APS denies that it has violated laws in estimating demand for its customers who have demand accounts, and APS specifically denies that it has violated the portions of A.A.C. R14-2-210 quoted in Paragraph 11.

12. Responding to paragraph 12, APS denies these allegations. Prior to September 14, 1998, APS generated bills using a computer system commonly referred to as "old CIS." When estimated bills were necessary, the old CIS estimated both consumption (kWh) and demand (kW) based on a customer's individual account history. Consumption was estimated based on the customer's usage during the same month of the previous year and the amount of usage during the preceding two months of the same year. Demand was estimated by applying a "load factor," a number calculated by averaging kW of the two previous months, the same month of the prior year, and peak demand of other customers with similar kWh usage to the estimated consumption.

13. The old CIS did not automatically send estimated bills to demand rate customers. Instead, bills with a demand component that required estimates under the old CIS triggered what is referred to as a "billing exception." A billing exception caused that customer's account to be sent to a billing representative in APS's Billing Department. At that point, the billing representative could either (1) use the estimated numbers calculated by the old CIS; or (2) if the CIS data appeared to be insufficient,

manually calculate the consumption and/or demand estimates based on that customer's account history and peak demand of other customers with similar kWh usage; and/or (3) request that a meter reader make another attempt to obtain an actual meter read.

14. The estimating procedures used by the old CIS were well known to the ACC and were addressed and applied by the ACC in several written orders prior to 1998, including a detailed order dated December 10, 1996 in Docket No. U-1345-96-162 (*Ciccone v. Arizona Public Service Co.*)("[W]e find 8.9 kW to be the appropriate demand estimate for the September 1995 bill because it is based on APS's estimation model which considers such factors as Mr. Ciccone's actual kWh used in September 1995, his previous months' demands, and the peak demand of other customers with similar kWh usage.").

15. On September 14, 1998, APS began using a new computer system, which is commonly referred to as "new CIS." Although the new CIS system has always been able to estimate consumption (kWh), at its inception and for approximately the next eight months, the new CIS was unable to estimate demand (kW). Thus, from September 14, 1998, through late March or early April 1999, if the new CIS did not have an actual read for the demand number, the system would create a billing exception for that account. As with the old CIS system, the billing exceptions caused a billing representative to review the account and calculate the required estimate. The billing representative could do so by manually calculating the estimates based on that customer's account history, the peak demand of other customers with similar kWh usage, or could request that a meter reader make another attempt to obtain an actual read of the meter if possible.

16. In late March or early April 1999 the new CIS was programmed so that it could estimate demand (kW), as well as consumption (kWh). The new CIS estimated demand -- as was also done by the old CIS -- using a load factor. Thus, as

of late March or early April 1999, the new CIS estimated both consumption *and* demand and automatically sent out bills that contained estimates.

17. However, in a number of instances the new CIS still generated a billing exception for some bills that required estimates (thus requiring the billing representative to review the calculation or prepare the estimated bills). For example, if the customer did not have a sufficient history from which to calculate consumption (kWh), the new CIS would generate a billing exception, requiring a billing representative to manually calculate the estimates based on the customer's available account history.

18. Although APS has refined the methodology used to provide estimates on bills to simplify and to better computerize the process, the basic method used to estimate consumption and demand is essentially the same under the old CIS and the new CIS systems.

19. In further response to paragraph 12, APS denies that its current estimating procedure was done on an "ad hoc" basis. The new CIS estimates demand -- which was also done by the old CIS -- using a load factor. As of late March or April 1999, the load factor was calculated using an average figure based on all customers in that particular rate class. The load factor was 45% for EC-1 rate customers (a particular type of demand rate account) and 50% for ECT-1R rate customers (a second type of demand rate account). In approximately July 2002, APS lowered the load factor percentage used to calculate estimated demands to 35% for residential accounts and 50% for non-residential accounts. APS based this change on its on-going load research regarding the actual load factors of that class of customers. In all other respects, APS's estimating procedures remained the same.

20. In further response to paragraph 12, APS's estimating procedures do not contradict relevant Regulations and do take into consideration the factors required by A.A.C. R14-2-210(A)(2). A.A.C. R14-2-210(A)(2) provides that if a utility is unable

to obtain an actual reading, the utility may estimate the consumption for the billing period giving consideration, where applicable, to the customer's usage during the same month of the previous year, and the amount of usage during the preceding month.

21. In further response to paragraph 12, APS was in compliance with or otherwise exempt from A.A.C. R14-2-210 ("Rule 210") since the amendment of that Rule in 1998 and should be able to continue using its established estimating procedures, without any further approval by the ACC, until such time as the Director of the ACC's Utility Division issues new and different "operating procedures" under A.A.C. R14-2-1612 ("Rule 1612"), assuming Rule 1612 even applies to incumbent utilities such as APS.

22. In addition, APS's estimating procedures have in fact been approved by the ACC within the meaning of amended Rule 210, given that the ACC has never indicated that APS's estimating methods were unsatisfactory when those methods were outlined to the ACC in connection with other contested hearings and reporting requirements. *See* ¶ 14 above.

23. In addition, Amended Rule 210 and Rule 1612 either (1) are not valid and enforceable or (2) never actually took effect in light of other events and court rulings relating to these and other deregulation rules. On January 27, 2004, the Arizona Court of Appeals affirmed in relevant part a lower court decision invalidating Rule 1612 (among others). By implication, this ruling would also invalidate the 1998 amendment to Rule 210 upon which Plaintiffs' claims are based. *See Phelps Dodge Corp. V. Ariz. Elec. Power Coop., Inc.*, 83 P.3d 573, 594-95 (App. 2004).

24. In response to paragraph 13, APS denies these allegations. As set forth above, APS's estimating procedures do comply with applicable law and regulations. Further, its estimating procedures have not resulted in overcharges to its customers. In fact, quite to the contrary, APS has taken specific steps to ensure that estimates as

to the demand portion of estimated reads are as fair and accurate as reasonably possible, as described in ¶¶ 12-19, 67-70 and 75-76.

25. In further response to paragraph 13, it is important to note that there is no evidence of over-estimation of energy usage with respect to non-demand accounts (such as Avis Read's account at 6826 E. Solcito Lane) because the billing on non-demand accounts is based on accumulated usage, much like the mileage on a car's odometer. Therefore, when a bill is estimated, the next bill that is based on an actual read (when added to the estimated bills), will be a "true up" and reflect the actual consumption since the last meter read. For example, if the estimate of usage in the first month was higher than actual usage, the following "true up" bill for month two will be correspondingly lower than actual usage for month two and the combination of month one and month two bills will be the actual usage for both months. Therefore, the customer has only been billed for actual usage. In certain situations, the actual read falls outside the CIS high/low criteria because the actual read is either much too low or much too high compared to the previous estimated read. The CIS then generates a billing exception that is routed to a billing representative who prepares a corrected bill which redistributes actual energy across the month, or months, of missing reads in proportion to the number of days in each billing period. The bill (or bills) for the missing read period(s) is/are adjusted to reflect the prorated energy, and the customer's current bill is either credited or debited the difference between the estimated bill(s) and the prorated bill(s).

26. In response to Paragraph 14, APS denies these allegations. To the extent that APS has been able to determine that its report may have contained minor errors or required further clarification, APS has promptly submitted revised reports to the ACC.

27. In response to paragraph 15, APS denies that its estimating procedures are illegal and violate applicable law and regulations. Since before 1998, A.A.C.

R14-2-210(A)(4) has required that, after the third consecutive month of estimating the customer's bill due to lack of meter access, the utility should attempt to secure an accurate reading of the meter. APS has always complied with that requirement.

28. On September 18, 1995, APS adopted a new "no access" procedure for residential customers with an access problem in the Metro area. Under that policy, if the customer service representative determined there was an access problem when speaking with the customer, the representative could do one of the following: offer the Info Line number for the customer's meter read office so that the customer could guarantee that APS would have unassisted access to the meter; offer to send the customer a read schedule so that the customer will know when to call the Info Line and find out the days of the month the meter reader will be in their area; or offer an APS company lock. (*See* attached **Exhibit A.**)

29. Under the 1995 policy, if the customer was unable to provide unassisted access to the meter, the representative referred the customer to the Meter Read Section Leader for the customer's read office. The Meter Read Section Leader would offer one of two options: (1) offer a non-demand time-of-use ("TOU") rate to the customer when a digital TOU meter could be read over the fence or (2) offer the customer a non-demand TOU rate and an Access Card (or Pink Card), which would be mailed monthly to the customer so that the customer could obtain a read and send the card back in the mail. *Id.*

30. In June 2003, APS changed its no access policy to add steps for each estimated read. This policy is currently in effect, with minor revisions.

31. Under the new no-access policy, each month that a Meter Reader is unable to access the meter for a monthly read, the Meter Reader leaves a door hanger, indicating the reason he or she could not access the meter, such as "the gate was locked or inaccessible," "your pet is protecting your home from strangers and would not allow me to enter your yard," "plants and trees are covering or blocking the view

of the meter," or "the path to your meter is blocked or inaccessible." The door hanger provides the phone number for the call center and asks that the customer call APS. (*See* attached **Exhibit B**.)

32. Each month that APS is unable to access a meter, Meter Reading Administration confirms that the Meter Reader left a no-access door hanger; if no door hanger was left, Meter Reading Administration creates a Meter Access Request letter to be sent to the customer.

33. Under most circumstances, each estimated bill includes a side bill message in the margin which reads as follows: "*ALERT/ALERT* A meter reading issue exists at your location. Please call us at 602-371-7171 (Metro Phoenix area) or 1-800-253-9405 (other areas)." (*See* attached **Exhibit C**.)

34. In addition, since early 2001 (within metro Phoenix for residential customers and later modified to include the rest of APS's customers), in the third consecutive month of no access, the customer's account has been downloaded into an automated dialer, which leaves an automated voice message at the customer's phone number (assuming that APS has a good phone number) that informs the customer of the "no access" problem. The recorded message is as follows: "This is an important message from APS regarding your electric bill. We have been unable to read your electric meter for at least three consecutive months; therefore, your billings have been estimated. Please call us at [relevant number] to resolve this issue and insure that your future bills are accurate. The number again is [relevant number]. We thank you in advance for your cooperation on this matter."

35. Meter Reading Administration creates and mails the customer a postcard on the fourth consecutive month of no access. The postcard instructs the customer to contact the call center for access solutions.

36. By the fifth consecutive month of no access, the customer has received four door hangers or meter access letters, a dialer call, and a post card. In the fifth

month, Meter Reading Administration sends an Active Accounts No Access letter that instructs the customer to contact the Call Center to obtain access solutions to avoid interruption of service. The letter informs the customer that APS will disconnect the customer's service, following the next month's read, if the meter is still inaccessible. (*See* attached **Exhibit D.**)

37. In the sixth consecutive month of no access, Meter Reading Administration reviews an account for any indication that the customer has called to resolve access. If none is found, Meter Reading Administration will attempt to call any listed daytime phone numbers. If the customer is unreachable by phone, a disconnect order is generated to Field Services personnel. The serviceman makes one more attempt to access the meter before service is disconnected.

38. Responding to paragraph 16, APS admits that for some short period, the CIS system did not create a billing exception after a customer had received a second consecutive bill for estimated reads. However, once the problem was discovered, APS took immediate steps to ensure that such a billing exception was created. In addition, even when there was no billing exception, APS still attempted to obtain an actual read for each meter. As outlined above, customers with non-demand accounts who received bills for estimated reads are billed for actual total kWh usage once an actual read is obtained. In addition, APS' estimating procedures for customers with demand accounts are designed to provide as fair and accurate an estimate as possible when an actual meter read cannot be obtained.

39. Answering paragraph 17, APS admits that in an APS informational brochure entitled "At Home with APS," APS stated that "APS operations are in compliance with all applicable regulations pursuant to the rules of electric competition (Article 2 Electric Utilities R14-2-201 through R14-2-212 and Article 16 Retail Electric Competition R14-2-1601 through R14-2-1618) except where APS has

been granted ACC waivers." APS denies the remaining allegations in paragraph 17 of the complaint.

40. Answering paragraph 18, this paragraph refers to Avis Read's account at 6826 E. Solcito Lane, Phoenix, Arizona (Account #361330282, meter #A93326). That account is a non-demand account. As set forth above in ¶ 25, non-demand customers who receive bills for estimated kWh reads are billed for actual total kWh usage once actual reads are obtained and because estimated bills may be adjusted once a meter read is obtained. Thus, APS denies that Avis Read was damaged by receiving bills for estimated reads for her non-demand Solcito account, meter #A93326. In addition, in those instances in which APS was unable to read the meter for the Solcito account, that occurred because Avis Read locked the access gate and did not permit APS to access the meter.

41. Further answering paragraph 18, APS denies that applicable regulations prohibit APS from sending Read (or any other APS customer) bills for estimated reads for more than three consecutive months. In reality, A.A.C. R14-2-210(A)(4) states:

> After the 3rd consecutive month of estimating the customer's bill due to lack of meter access, the utility or Meter Reading Service Provider will attempt to secure an accurate reading of the meter. Failure on the part of the customer to comply with a reasonable request for meter access may lead to discontinuance of service.

Nothing in A.A.C. R14-2-210(A)(4) prohibits a utility from continuing to send the customer estimated bills if access to the customer's meter cannot be obtained. Indeed, the alternative of immediately terminating electric service would be far more disruptive and expensive for the customer.

42. As set forth above in ¶¶ 28-37, that is precisely what APS attempts to do -- secure an accurate reading of the meter -- each month that a bill is estimated, both before and after the third month. Indeed, where meter access issues require a bill to be estimated, the customer is better off receiving an estimated bill than having service

terminated. For this reason, APS seeks to minimize disruption and inconvenience for the customer even when APS has the right to terminate the customer's electric service due to the customer's repeated refusal to provide meter access.

43. In further response to paragraph 18, APS did attempt to secure an accurate reading of Avis Read's Solcito non-demand account (meter #A93326), as required by A.A.C. R14-2-210(A)(4). APS connected this account for Ms. Read on March 3, 1999. For March, April and May 1999, APS sent Read a bill based on actual usage. From June through August 1999, the access gate to Read's meter was locked, and APS sent her a bill for estimated reads for these periods.

44. For the period from September 1999 through January 2000, APS could not obtain access to Read's meter when APS attempted to read the meter each month. However, because of problems with the new computer system at APS, APS did not send Read a bill for these months until February 2000. On January 5, 2000, however, APS sent Read a letter listing her 2000 Meter Reading Schedule.

45. On February 24, 2000, APS sent Read a bill for an estimated read because the access gate was locked when the meter reader attempted to read it. (This bill also included estimated charges for September 1999 through January 2000.) On the same day, APS sent a postcard to Read for account #361330282 and advised her that the read on her current month's bill was estimated because the meter reader was unable to access her meter due to a locked or broken gate. The postcard also asked Read to read her electric meter and mail back the postcard with the readings.

46. On March 2, 2000, APS also sent Read a letter, advising her that the meter reader could not access her meter because the access gate was locked, and asking Read to call APS. Read apparently did call APS with a meter read on March 3, 2000.

47. On March 7, 2000, APS sent Read a corrected bill for Read's December 1999 and January and February 2000 charges. On March 27, April 26, May 25 and

June 26, 2000, APS estimated Read's electrical usage because the access gate was locked every month when the meter reader attempted to access Read's meter.

48. On March 30, May 1 and June 1, 2000, APS sent letters to Read, advising her that the meter reader was unable to access her meter because the access gate was locked. APS stated that APS needed to be able to read her meter every month to provide her with an accurate bill, and asked Read to call APS to discuss possible options. Read never responded to the letters.

49. On July 19, 2000, APS was able to access Read's meter, and sent her a bill July 25, 2000 reflecting the charges for her actual electrical usage. In August 2000, APS was again unable to access Read's meter. However, APS records reflect that on September 5, 2000, Read called to discuss the meter access issue but was unable to obtain a meter read at that time. On September 11, 2000, APS then sent Read a bill for an estimated read for the August charges.

50. For the next three months, APS was able to access Read's meter and sent her bills on September 22, October 23, and November 22, 2000, that reflected actual usage by Read. The December 27, 2000 and January 29, 2001 bills were again for estimated reads because the access gate was locked when the meter reader attempted to read the meter.

51. On January 29 and February 27, 2001, APS again sent a postcard to Read asking for a manual reading of her electric meter. On March 6, 2001, APS received one of the cards back from Read, which included a manual meter read. On March 6, 2001, APS then sent Read a corrected bill for her service from December 2000 through February 2001 which reflected the updated meter read that she had provided.

52. APS then was able to access Read's meter, and the APS March 27 and April 25, 2001 bills to Read reflect actual meter charges. However, APS was then unable to access Read's meter because of a locked gate, and the APS bills dated

May 25 and June 26, 2001, estimated Read's charges. On May 25 and June 26, APS sent Read a postcard, telling her that APS was forced to estimate her bills because the access gate was locked, and asking for a manual meter reading. On June 28, 2001, Read provided APS with a manual read, and on July 12, 2001, APS sent Read a corrected bill for her May and June charges.

53. On July 26, 2001, APS sent Read a bill for an estimated read because the access gate to the meter was locked. In addition, on July 26, APS sent Read a postcard stating that the meter could not be read because the gate was locked and asking her to provide APS with a manual read. On July 30, 2001, Read called APS and provided a manual meter read. On August 2, 2001, APS then sent Read a corrected bill for her July service.

54. On August 24, 2001, APS again sent Read a bill for an estimated read because the access gate to the meter was locked. APS also sent Read a postcard on the same date stating that the meter could not be read because the gate was locked and asking her to provide APS with a manual read. Read did not respond to this request. In September, however, APS was able to access the meter and billed Read for this reading on September 24, 2001.

55. In October, November and December 2001, APS was unable to access Read's meter and therefore estimated her charges on the October 24, November 28 and December 28, 2001 bills. APS sent a letter to Read on November 2, December 5, December 13 and December 21, 2001, advising her that APS could not read her meter because the access gate was locked and asking her to call APS. On December 28, 2001, APS sent a postcard to Read, advising her for a fourth time that month that APS could not access her meter. Read did not mail back the postcard with the requested manual reading, or respond to the letters.

56. APS sent Read a bill for an estimated read on January 30, 2002, because the access gate was locked. APS also sent a postcard to Read requesting a manual

meter reading on January 30, 2002. Read did not respond. Read's meter was read in February 2002, and the February 26, 2002 invoice reflected actual charges. The March 27, 2002 bill was for an estimated read because the access gate was locked when the meter reader sought to read the meter that month. However, the April through July 2002 bills to Read reflect an actual read of her meter. Payment in full was received on August 16, 2002.

57. For the months of August 2002 through April 2003, the APS bills to Read reflect an actual read of her meter. The May 20, 2003 meter read was estimated, however, because the access gate was locked. On June 4, 2003, APS sent a postcard to Read advising her that APS could not access her meter. The APS June, July and August 2003 bills to Read reflect an actual read of her meter. The APS bills for this account from September 2003 through January 2004 were based on actual reads. In February 2004, APS sent Read a bill based on an estimated read because Read's gate was locked. APS also left a door hanger on Read's door indicating that APS was unable to read her meter because of access problems.

58. All billings for Read's account since February 2004 (through the current date) were normal reads and were not estimated.

59. In response to paragraph 19, APS denies that APS' estimations of Read's energy consumption were erratic and tended to result in higher bills. Once an actual read was obtained on Ms. Read's Solcido account, APS was able to determine conclusively the actual usage that had occurred since the last actual read and then adjusted the previous bills for estimated reads accordingly. These adjustments tend to indicate that Ms. Read's estimated bills generally underestimated her actual usage.

60. In further response to paragraph 19, there was nothing improper about APS' billing to Ms. Read on the Solcito non-demand account (meter #A93326) for the period of December 17, 1999 through February 17, 2000. On February 24, 2000, APS sent Read a bill for an estimated read because the access gate was locked when

the meter reader attempted to read it. (As a result of the new CIS problems, this bill also included estimated charges for December 1999 and January 2000.) On the same day, APS sent a postcard to Read for account #361330282 and advised her that the read on her current month's bill was estimated because the meter reader was unable to access her meter due to a locked or broken gate. The postcard also asked Read to read her electric meter and mail back the postcard with the readings. On March 2, 2000, APS also sent Read a letter, advising her that the meter reader could not access her meter because the access gate was locked, and asking Read to call APS. Read apparently did call APS with a meter read on March 3, 2000, and on March 7, 2000, APS sent Read a corrected bill for Read's December 1999 and January and February 2000 charges based on the meter read she had provided.

61. In response to paragraph 20, APS did estimate Avis Read's demand account at 6702 E. McDonald, Phoenix, Arizona (Meter #906893) for those months in 1999 in which APS was unable to access the meter because of a locked gate.

62. With respect to the McDonald account, Read received a bill from APS that was based on an actual meter read in November 1998. Due to problems with the new CIS system, however, APS did not send Ms. Read another bill until February 1999. In February 1999, APS sent Read a bill based on an estimated read. The meter was inaccessible due to a locked gate.

63. On March 31, 1999, APS sent Read a bill, which was based on an actual read in March. In addition, the March bill included the bills for the November 1998 through January 1999 billing periods (based on actual reads) and the February 1999 billing period (based on estimated read).

64. From April through June 1999, APS was not able to read the meter for this account because of access problems. On July 6, 1999, the account was closed. A final bill based on an actual read was sent to Ms. Read in July 1999. Ms. Read has not had a demand account since then. Although Ms. Read has no claim regarding her

old demand account (or any other account), any such claim would be barred by the statute of limitations.

65. In response to paragraph 21, APS denies that the estimated bills for Read's Solcito account (the non-demand account) or the McDonald account (the demand account) failed to approximate actual usage and demand, or were higher than they should have been. Indeed, to the contrary, the attached charts demonstrate that APS's estimates on both Read accounts were reasonable in light of previous history, and, in fact, tended to understate her actual demand and energy usage. See **Exhibit E,** a summary of bills for the Solcito account (meter #A93326) and **Exhibit F,** a summary of the bills for the McDonald account (meter # 906893).

66. In further response to paragraph 21, as outlined above in paragraphs 40-64, APS contends that the bills for estimated reads that were sent to Avis Read were rendered in a manner consistent with controlling Regulations and were fair and reasonable.

67. In response to paragraph 23, prior to September 14, 1998, APS was using a computer system commonly referred to as "old CIS." The old CIS estimated both consumption (kWh) and demand (kW) based on a customer's individual account history. Consumption under the old CIS system was estimated based on the customer's usage during the same month of the previous year and the amount of usage during the preceding two months of the same year.

68. The old CIS, however, did not automatically send bills based on estimates to demand account customers. Instead, bills with a demand component that were required to be estimated triggered a billing exception. A billing exception caused that customer account to be sent to a billing representative.

69. Under the old CIS, a Billing Representative reviewed every account for which a billing exception had been created for that particular month. At that point, the billing representative could either (1) use the estimate numbers calculated by the

old CIS; (2) manually calculate the consumption and/or demand estimates based on that customer's account history and peak demand of other customers with similar kWh usage; or (3) request that a meter reader again attempt to obtain an actual meter read.

70. On September 14, 1998, the new CIS system became operational. Although the new CIS system has always been able to estimate consumption (kWh), at its inception and for approximately the next eight months, the new CIS was unable to estimate demand (kW). Thus, from September 14, 1998 through late March or early April 1999, if the new CIS did not have an actual read for the demand number, the system would create a billing exception for that account billing. As with the old CIS system, the billing exceptions caused a billing representative to review the account and calculate the required estimate. The Billing Representative could do so by manually calculating the estimates based on that customer's account history or could request that a meter reader again attempt to obtain an actual read of the meter.

71. In response to paragraph 25, APS denies that the November 30, 2000 Janet Smith memo accurately summarizes APS' practice under the old CIS for estimating demand. Janet Smith has avowed in the Superior Court action that her statement in the memo that "the old [CIS] system did not estimate demands" is technically not correct. She further has avowed as follows: "The old CIS system certainly did estimate demand. What I meant in my November 30, 2000 e-mail was that the old CIS system did not automatically estimate demand **and** generate a bill to the customer. Instead, the old CIS system generated a billing exception for that customer (which included a demand estimate) and a billing representative would then review the information and cause an estimated bill to be generated for the customer." (*See* Doc. Prod. Nos. APS05742-46.)

72. Further, Janet Smith has avowed as follows with respect to her November 2000 e-mail: " In my November 30, 2000 e-mail, I also stated, 'When we

first converted [the new CIS] there were numerous concerns that the demands being estimated by the system were unreasonable.' I was referring in the e-mail to the demand estimates calculated by the old CIS, and my use of the term 'unreasonable' was intended to mean that there were some concerns that demand estimates were either too high or too low, but mostly too low." *Id.*

73. Smith continued, "Under the old CIS, a billing representative reviewed every account for which a billing exception had been created for that particular month because demand had to be estimated. At that point, the billing representative could either: (1) use the estimate numbers calculated by the old CIS; or (2) if the CIS data appeared to be insufficient, manually calculate the consumption and/or demand estimates based on that customer's account history and peak demand of other customers with similar kWh usage; and/or (3) request that a meter reader again attempt to obtain an actual meter read." *Id.*

74. Smith concluded: "In my November 30, 2000 e-mail, I stated, 'The billing consultants and associates used various methods to estimate demands when needed (it varied depending on the person doing the estimating, not the situation).' When I made this statement, I was referring to the various methods set forth above in ¶ 5 [of the Smith Affidavit, which is summarized in ¶¶ 15–17 and 71-73 of this Response]. *Id.*

75. In response to paragraph 26, in late March or early April 1999, the new CIS was programmed so that it could estimate demand (kW), as well as consumption (kWh). The new CIS estimated demand -- as was also done by the old CIS -- using a load factor. At this point, the load factor was calculated using an average figure based on all customers in that particular rate class.

76. The new CIS estimated "demand" (kW) based on the average load factor described in ¶ 19. In a number of instances, however, the new CIS generated a billing exception for bills that required estimates. For example, if the customer did

not have a sufficient history from which to calculate consumption (kWh), the new CIS would generate a billing exception. Again, as described in ¶ 17 above, the billing exception required that account to be reviewed by a billing representative who manually calculated the estimates based on the customer's account history, or requested that a meter reader again attempt to obtain an actual read of the meter.

77. In further response to paragraph 26, APS believed that it was not necessary to seek Commission approval with respect to these estimating procedures as outlined above in ¶¶ 21-23. Moreover, although APS has refined the methodology used to provide estimates on bills, the basic method used to estimate consumption and demand is the same under the old CIS and the new CIS systems.

78. In response to paragraph 27, in approximately July 2002, APS lowered the load factor percentage used to calculate estimated demands from 45% and 50% respectively, to 35%, for all types of residential demand rate accounts. APS, based this change on its on-going research regarding the actual load factors of customers in that class.

79. In further response to paragraph 27, Ms. Smith did not intend her comment about creating the load factor in twenty minutes to be taken seriously. Ms. Smith has avowed as follows: "On June 18, 2002, I wrote an e-mail to Ravi Nair. . . . In the e-mail, I was discussing the demand estimation formula that went into effect in late March or early April 1999. In passing, I mentioned in the e-mail that we had 'about 20 minutes to come up with something. . . .' This was not a serious comment by me; I was being facetious with a colleague and the comment was never intended to be taken literally as [Read's] counsel are now seeking to do. We certainly took more than 20 minutes in determining the appropriate load factor to be used in calculating demand. It was carefully considered and discussed before implementation. At the time I wrote the June 18, 2000 e-mail, as well as at the present time, I believed that

the system used to estimate demand was fair to the customer." (*See* Doc. Prod. Nos. APS05742-46.)

80. In response to paragraph 28, APS denies that its estimation procedures are inaccurate. The procedures used by APS lead to estimates that are fair and as accurate as reasonably possible under the circumstances.

81. Indeed, bills that contain estimated demand reads can work to the customer's favor. For example, attached as **Exhibits G and H** are copies of the billing histories of two random demand account customers who received bills that contained estimates. In each instance, the estimated demand is clearly lower than the demand actually used in the months both before and after the estimated reads.

82. **Exhibit G** is the account history for Meter Number E26017. This customer had an actual demand meter read in February 1999 of 9.1. The customer then received bills that estimated demand in March, April and May 1999. The estimated demands were 5, 4.7, and 4.3, respectively. Beginning in June 1999, the customer then received bills that contained actual reads, and the actual demand reads were significantly higher than the estimated demand reads. For instance, the demand read in June was 9.5; July was 8.7; August was 8.4; and September was 9.8.

83. A customer is charged per unit of demand (kW). In March 1999, APS billed $7.68 for each kW used. Thus, in March 1999, the charge for the account referenced in ¶ 21 for the estimated demand was $38.40. If the demand had been estimated at 8.5, for instance, which is a figure much more in line with this customer's historical demand use, the charge for the demand would have been $65.28. *Id.*

84. **Exhibit H** is the account history for Meter Number C87111. On October 25, 2000, the actual demand read was 8. From November 2000 through March 2001, APS estimated the demand at numbers that ranged from 1.6 to 3.9. Beginning in April 2001, however, APS was able to obtain actual reads of the meter,

and for the next seven months, the actual demand was 5.8; 6.8; 6.3; 6.2; 6.3; 6.6; and 5.9.

85. Even if it appears that estimated demands were too low based on historical usage, APS never goes back to the customer and requests additional payment. Thus, in instances in which estimated demands were lower than what was probably actually used, the estimated demand figures inure to the benefit of the customer. In contrast, if APS discovers that an estimate of a demand account was too high, APS gives the customer a rebate on the customer's next bill.

86. APS denies the allegations of paragraph 29 and 30 for the reasons set forth above.

87. In response to paragraph 31, APS denies that class certification is proper (a) because class certification has already been denied by the Superior Court after full briefing and oral argument, (b) because the Commission has no jurisdiction to certify a class, and (c) because Claimant has failed to satisfy the requirements of Ariz. R. Civ. P. Rule 23(b). Moreover, the complaints of the class members do not involve a like set of facts, nor do they have like interests and positions, as required by A.C.C. R14-3-103(G) and R14-3-104(C). In addition, the decision of the Superior Court denying class certification is *res judicata* against Claimant in this proceeding (*See* Doc. Prod. Nos. APS05848-49), and Claimant should not be permitted to relitigate that issue in the Commission even assuming the Commission has jurisdiction to entertain a request for class certification of the type sought by Claimant.

88. APS denies the allegations in paragraph 32.

89. In response to paragraph 33, 34 and 35, individual issues of injury-in-fact and damages predominate over any common issues. Under Ariz. R. Civ. P. 23, Claimant bears the burden of showing that her case is appropriate for class action certification by showing that she has met each of the four requirements of Rule 23(a)

and at least one of the requirements of Rule 23(b). Claimant has failed to meet her burden of proof, as the Superior Court has already determined.

90. Claimant's alleged class also fails both the predominance and superiority tests because of the difficulties of proving that each class member suffered injury in fact and actual damages. Claimant seeks monetary relief for the class through a variety of claims, most of which require Claimant to prove that APS's allegedly unlawful estimated billing practices injured each member of the class. The existence of predominating individual issues of liability -- *i.e.*, injury in fact and actual damages -- renders class certification improper in this instance, as the Superior Court has already determined.

91. In fact, record evidence shows that estimated billing may work to a customer's economic benefit where the estimated demand (kW) was lower than actual demand. (*See* ¶¶ 81-84 above, and attached **Exhibits G-H**.) In those cases where estimated bills work to the customer's favor, APS does not seek a rebate from the customer. (*See* ¶ 85 above.) And in those cases where APS is able to obtain a normal read and finds that the previous month(s) estimated read was too high, APS issues the customer a credit on his or her account. (*Id.*) The Commission cannot presume that the members of the class have suffered economic damages on a class-wide basis; economic injury will have to be determined on a bill-by-bill basis for each individual class member, as the Superior Court has already determined in denying class certification.

92. APS denies the allegations in paragraphs 36-39 of the complaint.

93. APS denies the allegations in paragraphs 40 through 42 for the reasons set forth above. *See, e.g.*, ¶¶ 12-24.

94. In response to paragraphs 44-45, APS denies that it has violated A.R.S. § 44-1522 for the reasons set forth above (*see, e.g.*, ¶¶ 66-70) and APS denies the remaining allegations of paragraphs 44-45 of the Complaint.

95. In response to paragraphs 46-48, APS denies that Read or other APS customers have overpaid APS for their electricity and therefore suffered losses. *See* ¶¶ 40-65 and 81-85. In addition, APS has acted in a manner that seeks to ensure that bills that estimate electrical usage are as fair and accurate as reasonably possible.

96. In response to paragraph 49, APS denies that customers who received bills that estimate electrical usage have been overcharged by APS for their electricity and therefore deny that APS has been unjustly enriched.

97. APS denies the allegations in paragraph 50-52 of the Complaint.

98. In response to paragraphs 53-54, APS denies that Claimant or her attorneys have any right to recover attorneys' fees or that there has been any breach of contract by APS. APS denies the remaining allegations of paragraphs 53- 54 of the Complaint.

99. APS denies the allegations of paragraph 55 of the Complaint.

100. In response to paragraphs 56-57, APS admits that in an APS' informational brochure entitled "At Home with APS," APS stated that "APS operations are in compliance all applicable regulations pursuant to the rules of electric competition (Article 2 Electric Utilities R14-2-201 through R14-2-212 and Article 16 Retail Electric Competition R14-2-1601 through R14-2-1618) except where APS has been granted ACC waivers." APS denied the remaining allegations in paragraphs 56-57 of the Complaint.

101. APS denies the allegations of paragraph 58 and 59 of the complaint.

102. In response to paragraphs 60-63, APS denies that it has violated A.R.S. § 40-361 and denies all other allegations in paragraphs 60-63.

103. In response to paragraphs 78-82 (the numbered paragraphs in the Complaint skip paragraph 64-77), APS denies that it has violated A.R.S. § 40-367 and denies all other allegations in paragraphs 78-82.

104. APS denies each and every allegation of the Complaint not expressly admitted herein.

105. As affirmative defenses to the Complaint, APS alleges that Claimant's claims fail to state a claim upon which relief can be granted. Further, Claimant's claims are barred in whole or part by statute of limitations, res juicata, lack of jurisdiction, lack of injury and damage, knowledge, waiver, estoppel, laches, unclean hands and impossibility.

WHEREFORE, having fully answered the complaint, APS prays as follows:

1. For the Complaint to be dismissed; and

2. For such other relief as the Commission deems just.

DATED this 20th day of September, 2004.

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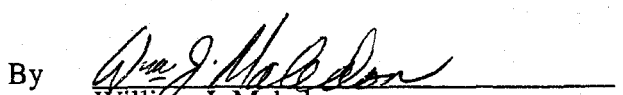
By 
William J. Maledon

I hereby certify that I have this day
Served the foregoing document
On all parties of record in this
Proceeding by mailing a copy,
First class postage prepaid,
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Attorneys for Complainant Avis Read

Deborah B. Dunn

Date September 18, 1995

To Distribution

From Gayle Blake
Sta # 3851
Ext # 83-7696

SUBJECT **New No Access Guidelines for Existing Customers**

Effective immediately, there will be a new no access procedure for **existing residential customers that currently have an access problem** in the Metro area

The procedure for new customer connects or existing customers requesting a rate change to a TOU rate has not changed. These customers will need to provide unassisted access and are not eligible for the options listed below.

The new guidelines for existing no access problems have been established to

- Help reduce the number of verifies that are sent to the field by Billing Services
- Reduce the number of estimated bills
- To improve our safety goals by eliminating potential meter read hazards

If you determine there is an access problem when speaking with a customer, the following options are available·

1 Offer the Info Line phone number for your customer's meter read office This will provide the customer with enough information so they can guarantee that we will have unassisted access to the meter **(Rate Codes: 1800, 1200, 1600, 1300, 0800, 0100)**

The Info Line phone numbers are as follows

Read Office	Info Line Number
191, 192, 193	250-2558
291, 391, 396	250-2552
293, 395	250-2556
392, 393	250-2560
394, 397	250-2562

AND

2 Offer to send the customer a meter read schedule so they will know when to call the Info Line and find out the days of the month the meter reader will be in their area **(Rate Codes: 1800, 1200, 1600, 1300, 0800, 0100)**

Note It is important to generate a meter reading schedule through the IVR so the CSIF screen is automatically updated to generate a new meter reading schedule each year

OR

3 Offer an APS company lock (if applicable) **(Rate Codes: 1800, 1200, 1600, 1300, 0800, 0100)**

If you have a customer that absolutely cannot provide unassisted access to the meter, you will need to refer the customer to the Meter Read Section Leader for the customer's read office You may transfer the call directly to the Meter Read Section Leader or send a VISTA note with the customer's account information and phone number

The Meter Read Section Leader will follow up with the customer and field check the location if necessary The Meter Read Section Leader may offer one of the following options

1 If a TOU digital meter can be read over the fence, the Section Leader may offer the TOU rate to the customer However, sunlight, meter location, etc will affect the ability to obtain a read from a digital meter over the fence **(Rate Codes: 1200, 0800, 0100)**

2 The Meter Read Section Leader may offer an Access Card (Pink Card) This card will be offered ONLY when no other options are available to access the meter The Access card will be mailed monthly to the customer so they can obtain a read The customer will need to send the card back with a read the same day they receive the card in the mail **(Rate Codes: 1200, 0800, 0100)**

If the access card is returned to us on the scheduled read date - the meter reader will enter the reads that afternoon

If the access card is returned after the scheduled read date - the information will be sent to Billing Services

If the access card is not returned - the customer's bill will be estimated

The Meter Read Section Leaders will be monitoring the *no access reports on a daily basis* The CMSG screen will be updated to indicate what options or arrangements were made with the customer

As a reminder, please refer to the standard line of questioning listed below to determine accessibility to the meter

Q **Where is the meter located?**

Access the MTRR or MVTO screen to view the MTR RD MSG field for reason codes or meter read message codes that indicate any previous access problems Refer to Meter Read Message Codes in the Codes and Terms chapter or Rep Direct

Access the MRDC screen to check the meter location codes to determine if there may be an access problem Update the MRDC screen with any new information Refer to Meter Read Location and Instruction Code in Codes and Terms chapter or Rep Direct

Note If the meter is located inside (porch, garage, house, etc), a TOU rate is not an option Advise the customer they have the option of paying to have the meter and service entrance relocated You will need to refer the customer to a Service Coordinator (Metro) or the CSP (State) for the area

Q **Do you have a dog?**

Advise the customer that the dogs will need to be secured away from the meter by a dog run, fence, or inside the home on the date the meter will be read Update the MRDC with the type of dog (example dog/pit bull or dog/retriever)

Note Do not indicate whether the dog is bad or okay A dog's temperament may be different with different meter readers so each meter reader will determine their own comfort level with a dog

Q **Do you have a swimming pool?**

Advise customer that the locking part of the latch needs to be on the outside of the gate You may offer the customer an APS lock

If the customer is unable to provide you with enough information to determine that APS will have unassisted access Please refer the customer the appropriate Meter Read Section Leader

If you have any questions, please contact Donna Frazer at ext 81-1224 or pager 226-2233

This information will be updated in the <u>next</u> edition of Rep Direct.

<u>Distribution</u>
Metro Region Customer Office & Support
State Region Customer Office Section Leaders
Local Reps

<u>cc</u>

Jeanne Jones	3192	Karen Wolff	3858
Shereen Lovendge	3855	Denise Hutchinson	3851

Donna Frazer	4621	Phil Cea	3378
Chuck Evans	4038	Brian Riffle	2618
Dan Kolmos	3378	Ruben Alcocer	4621
Ed Guthrie	4038	Ginger Pitts	4101

Meter Reader Responsibility

Monthly No Access

- Meter Readers will leave door hangers, indicating No Access reason The door hanger will provide the phone number for the call center
- Meter Reader will enter code 40 "left door-hanger" into the handheld

Meter Reading Admin (Metro)
Head Meter Reader or Business Office (State)

The Shop Admin will process the Access Reports daily Each site on the report should be reviewed in CIS to determine the number of **consecutive** months no access and appropriate actions taken

Reports to be worked

KM06R20	NO ACCESS METERS
KMO6R70	ROUTE IRREGULARITIES
KM06R36	DEMAND METERS TO BE RESET

- **1st Month –**
  - Review site in CIS and confirm meter reader left door hanger and input code "40" in hand held. The message "door hanger" appears in CIS on usage history detail
  - If meter reader did not leave door hanger, create a Meter Access Request letter to be sent to the customer and add a site note stating letter sent.

- **2nd Consecutive Month –**
  - Review site in CIS to confirm meter reader left door hanger
  - Accounts that were NOT noted for door hanger should be brought to the attention of the leader to enable follow-up with meter reader on door hanger and code 40 requirement
  - If meter reader did not leave door hanger, create a Meter Access Request letter to be sent to the customer and enter a site note stating letter sent
  - Identify large non-residential accounts and send account information and no access reasons to the Key Account rep via e-mail Rep will attempt customer contact to resolve access issue
  - Enter "Access" note in CIS stating
    - Customer has had Door hanger/Meter Access Request letter 2 consecutive months.
    - Key account rep has been notified.

- **3rd Consecutive Month** – Account will download to the outbound dialer to leave a recorded no access message

  - Review site in CIS to confirm door hanger or other communications have been made and documented
  - If no communications have been made, send the Meter Access Request letter
  - Outbound dialer will update account with call action
  - Identify large non-residential accounts and send account information and no access reasons to the Key Account rep via e-mail stating
    - 3rd consecutive month no access
    - Door hangers left and/or no access letter sent
  - Enter "Access" note in CIS stating
    - Customer has had Door hanger/Meter Access Request letter 3 consecutive months
    - Key account rep has been notified

- **4th Consecutive Month** - From the daily No Access reports, accounts that have four consecutive months of no access will be mailed a No Access post card. The information will instruct the customer to contact Call Center to obtain access solutions to avoid future interruption of service.

  The residential post card will also indicate we will be estimating their billings on the STANDARD RATE option.

  - Check for door hanger message and/or meter access request letter
  - Change TOU rate to standard rate
  - Generate a "No Access Post Card – via the custops website
  - Identify large non-residential accounts and send account information and no access reasons to the Key Account rep via e-mail stating
    - 4th consecutive month no access
    - Door hangers left and/or no access letter sent
  - Enter "Access" note in CIS stating·
    - Customer has had Door hanger/Meter Access Request letter 4 consecutive months
    - Customer has been changed from TOU to standard rate.
    - No Access Post Card has been sent.
    - Key account rep has been notified

- **5th Consecutive Month** - (The customer has received 4 door hangers or meter access letter sent, a dialer call and a post card). From the daily No Access reports, the accounts that have had access issues 5 consecutive months will receive a Active Account No Access letter. The information will instruct the customer to contact Call Center to obtain access solutions to avoid interruption of service. The letter informs

the customer of a disconnect following the next scheduled read date if the meter is still inaccessible.

EXCEPTIONS: customers who have had service, at this site, prior to 1998 and the no access issues existed then and still exist, will not receive a service interruption notice, we will continue to leave door hangers and send post cards. If they have been at the site since 1998 and the no access issues began AFTER that year, they will receive the service interruption notice. Accounts that meet this criteria will have a note indicating access exception

- Check for door hanger message and/or meter access request letter
- Research account thoroughly to ensure that customer has **not** responded (to any access door hangers, letters, dialer calls and post card) to resolve access issue
- Generate an Active Account No Access letter – via the custops website
- Identify large non-residential accounts and send account information and no access reasons to the Key Account rep via e-mail stating
  - 5th consecutive month no access
  - Customer has not responded to door hangers, letters, or dialer calls
- Enter "Access" note in CIS stating
  - Customer has had Door hanger/Meter Access Request letter 5 consecutive months
  - Active Account No Access letter has been sent
  - Key account rep has been notified

- **6th Consecutive Month** - (Customer has received 5 door hangers, dialer call, post card and service interruption notice). Meter Reading Admin (Metro), and Head Meter Reader (State) will view account for any indication customer has called to resolve access If none are found, the Admin/Head Meter Reader will attempt to call any listed daytime phone numbers If unable to reach customer by phone, a disconnect order should be generated to Field Services personnel One more attempt is made by the serviceman, if there is still no access to disconnect at the meter, the order will be reassigned to OH or UG (Metro) or Field Service Supervisor (State). (See Schedule 1, Section 5.4)

  - Check for door hanger message and/or meter access request letter
  - Check for Service Interruption notice
  - Utilize any customer contact phone numbers available and attempt to make contact to offer access solutions.
  - Create and schedule Shut-Off order for next working day – make sure instructions on the order are clear by stating the complete access issue
  - Identify large non-residential accounts and send account information and no access reasons to the Key Account rep via e-mail stating:
    - 6th consecutive month no access
    - Customer has not responded to door hangers, letters, or dialer calls

- Service interruption notice has been mailed
- Attempts have been made to contact by phone with no success

- Enter "Access" note in CIS stating
  - Customer has had Door hanger/Meter Access Request letter 6 consecutive months
  - Active Account No Access letter has been sent
  - Key account rep has been notified
  - Attempts have been made to contact customer by phone
  - "Shut-off order for 6 consecutive months no access" has been scheduled Indicate reasons, i e latch on inside middle portion of gate, locked.

PROCESS GUIDELINES:

- When working reports, identify meter reader messages that are unclear or incomplete for leader follow-up Leader will instruct meter reader on the necessity for thorough understandable messages For Example

  "Mtr Blk" without a freeform makes it difficult to communicate with the customer to effectivly resolve the access issue

  "Mtr Blk" with freeform "blocks on pallets" enables customer contact with more specific field issues and improves success in resolving

  OR

  "Gt Ltch" with no freeform vs.

  "Gt Ltch" with freeform "on inside, middle" enables contact with customer to discuss moving latch to top or front side of gate and offer a company lock/key

- Coded messages such as No display, dead meter, generate service orders to resolve these meter issues. When these messages are entered in freeform only, a service order will not generate Bring these flag issues to leader to enable instruction with meter reader on proper use of No Access codes in hand held. Generate a service order to correct field condition

- Messages flagged "other", should always have a freeform indicating the reason When no reason is indicated, bring these to the attention of the leader for meter reader instruction on this requirement

ACCEPTABLE ACCESS SOLUTIONS

DOGS

CONNECTED AFTER 1998, OR ACCESS ISSUES OCCURRED AFTER 1998

1. Will dog(s) be secured by a fenced dog run that prevents access to the area where the meter is located and the path to walk to the meter? (If no, customer does not meet criteria for TOU rate - go to number 2)
2. If customer is unable to provide dog runs ask if they would meet with a meter reading coordinator, between the hours of 7 and 3 to determine accessibility solutions? If so, transfer the call to the meter reading coordinator to schedule an appointment.

FOR T O U CUSTOMERS WHERE ACCESS ISSUES HAVE BEEN **ON-GOING PRIOR TO 1998**

1. Can the dog be secured during the five-day window when we read the meter? If so, a read schedule and info line may be offered.
2. If customer is unable to provide dog runs, secure pets for read day windows or opt for the standard rate, ask if they would meet with a meter reading coordinator, between the hours of 7 and 3 to determine accessibility solutions? If so, transfer the call to the meter reading coordinator to schedule an appointment

LOCKED GATES (ALL RATES)

1. Customer can leave gate to meter location unlocked if latch in on the outside of the gate
2. If latch is on the outside of the gate but customer wants to lock the gate, offer the customer the option of utilizing an **APS lock** on their gate Locks are individually keyed and the customer will have a key for their personal use.
3. If customer prefers to utilize **their own lock,** inquire if they will provide us a key for access on read days. If so instruct the customer as follows·
   - Please tape the key to a piece of paper that has your service address and name on it for identification purposes. The key must be placed at the bottom of the envelope or taped to the bottom of the envelope (if not, the US Postal Service may not deliver the key to us).
   - Give the customer the address of the meter reading office the key should be mailed to

NOTE If the lock is a deadbolt and the same as the house key, we **require** the gate be re-keyed differently from the house key

BUILDING KEYS - If a non-residential customer offers a key to a building to access a meter, please transfer the customer to the respective meter reading office.

GATE LATCHES OUT OF REACH (ALL RATES)

APS personnel may not be tall enough to reach over a gate to unlock the lock with a key. Ask the customer to relocate the latch to the outside portion of the gate

X863-01N

DATE

aps.
WE CARE HOW YOU LIVE

CUSTOMER ACCOUNT NUMBER:
04 16 276660

We were unable to read your electric, gas meter(s) today because:

1. Premises were locked.
2. Meter(s) blocked by BUSH
3. Dogs.
4. Dial Card Missing.
5. Not Home.
6. Other

Months not read 3

As a result, your bill will be estimated this month. Please take the necessary action to make the reading of our meter possible in the future.

Thanks for the assistance.
APS Meter Reading Department
Phone:
271-2063

Account No. 04 16 276660
Address 2817 E. ANGELA DR
Months Est. 3 E G
Remarks: LOCKED - BLKD, BUSH

Date: 02/10/21 Name BARR
Foreman: BARNES
Date _____ Name _____

3) The Door Hanger - This form is available from your Foreman and is used when reads are missed, because of lockouts and/or blocked meters. A lockout occurs when you cannot obtain access to a meter, because the gate is locked and the customer is not at home to let you in his yard. a blocked meter occurs when the view of the meter is obstructed by some object, which prohibits you from reading the meter from outside the yard, with your monocular. Complete this form, with appropriate information and detach along perforation. Hang top portion on the customer's front door knob and place the bottom of the form in the Meter Book, with the corresponding page. Be sure to complete this form so the customer will know why you were unable to read his meter and attempt to resolve the reading problem.

A message from your APS Meter Reader...

I was here today to read the APS meter, but could not get a read because:

- ☐ Your gate was locked and/or you latch is out of reach.

- ☐ Your pet is protecting your house from strangers and would not allow me to enter your yard.

- ☐ Foliage is covering or blocking the view of the meter.
- ☐ Path to meter is inaccessible.
- ☐ _____

_____

We have solutions to offer you.
Please take a minute to call us:
English: (602) 371-7061
Spanish: (602) 371-7051
Toll-free: (877) 873-8798
Your assistance is appreciated!

APS

APS03375

Regarding your meter . . .

Date: _____ Time: _____

ACCOUNT NUMBER: _____

A timely, accurate meter read is important to you and to APS. Unfortunately, we were unable to ☐ read your meter or ☐ access your demand meter today because: *(No hemos podido leer el medidor porque:)*

- ☐ Premise locked *(Propiedad cerrada)*
- ☐ No one home *(Nadie estaba en casa)*
- ☐ Dog(s) *(Perros sueltos)*
- ☐ Dirty meter glass *(Vidrio del medidor esta sucio)*
- ☐ Meter blocked by: *(Imposibilidad de llegar al medidor)*
  - ☐ Plants
  - ☐ Other: _____
- ☐ Other: _____

Please help us in the future by:

- ☐ Trimming plants or bushes near the meter *(Corte plantas y arbustos cercanos al medidor)*
- ☐ Cleaning meter glass so it can be read from a distance *(Mantenga limpio vidrio del medidor para ver los numeros)*
- ☐ Providing free access to your yard/meter *(Deje acceso al medidor en su jardin)*

Until this problem is corrected, your bill may need to be estimated by looking at your previous energy use. Your cooperation will help ensure that your bill is based on actual reads.

THANK YOU!

If you have questions or need further assistance, call your local APS Meter Reading Office at: *(Si tiene preguntas sobre este aviso, llame su oficina)*

Phone: _____

APS

URGENT MESSAGE

APS Needs Complete Access to Our Electric Meter

We are committed to providing you with the best service at the lowest price possible.

The electric service plan you have selected can save you money and we would like you to be able to continue on this plan. To obtain the information necessary to provide you with an accurate bill for this service plan, we must have complete and safe monthly access to our meter (without knocking on your door or making appointments).

There are several ways we can work together to develop an ideal solution to this situation. Please call our 24-hour Customer Solution Center at 602-371-7171 or the number listed on the reverse side of this door hanger.

If you cannot provide us with safe, unassisted access to the meter, it will be necessary to transfer you to another service plan that may not be as economical for you.

We are confident that working together we will be able to resolve this access problem.

You are a valued customer and we appreciate your business.

APS03374

Date _____ Time _____ Signed _____

If no one is home, APS will provide power from your meter to your breaker box (off/on switch), provided your meter and breaker box are accessible or not locked However, we cannot provide power from the breaker box (off/on switch) to your building, unless someone is home

YOU MAY TURN ON ELECTRIC BY:

- ☐ Turning Main Switch On
- ☐ Turning Individual Circuit Breakers On
- ☐ Turning On Additional Circuit Breakers That May Be Off Inside Home/Apartment
- ☐ Contact Apartment Manager or Owner
- ☐ Turn Fuse Block Over

CAUTION:

BEFORE TURNING ON ELECTRIC, TURN OFF ELECTRIC APPLIANCES REMOVE FOREIGN OBJECTS FROM ELECTRIC RANGE TOP 'EN, SUCH AS CARDBOARD BOXES, PAPER GOODS, ETC WA *MUST BE ON TO ELECTRIC WATER HEATER.*

☐ _____ DEPOSIT DUE ON _____

FOR INFORMATION PLEASE CALL 371-7171

OUR REPRESENTATIVE CALLED TODAY AND ☐ *DID* ☐ *DID NOT* **COMPLETE THE FOLLOWING**

- ☐ Turn On Electric
- ☐ Change Electric Meter
- ☐ Reread Meters
- ☐ Disconnect Electric Service

BECAUSE

- ☐ Need City/County Clearance
- ☐ Account Past Due
- ☐ *Please Establish Service In Your Name*
- ☐ Electric Meter Socket Not Identified *(Need Apartment/House Number on Socket)*
- ☐ Meter Not Accessible
- ☐ Gate(s) Locked
- ☐ Dog(s) Not Secured
- ☐ Contact An Electrician, Your Electrical System Is In Need Of Repair
- ☐ Blue Tag Has Been Installed, Hazardous Condition Exists
- ☐ Breaker Box Is Locked
- ☐ ulti-Meter Panel Has Not Been Approved By APS

Fecha _____ Hora _____ Firma _____

Si no hay nadie en casa, APS proporcionará energía hasta el medidor, siempre y cuando el medidor y el interruptor (on/off switch) estén a nuestro alcance y no encerrados Será necesario prender el interruptor para que la energía pueda pasar al edificio

USTED PUEDE PRENDER LA ELECTRICIDAD CON SOLO:

- ☐ Abrir el interruptor principal
- ☐ Abrir los interruptores individuales
- ☐ Abrir interruptores adicionales que podran estar cerrados dentro de la casa o el apartamento
- ☐ Ponerse en contacto con el dueño o administrador del apartamento
- ☐ Voltear el fusible a la posición (ON)

PRECAUCION:

ANTES DE PRENDER LA ELECTRICIDAD, APAGUE LOS APARATOS ELECTRICOS QUITE OBJECTOS DE ENCIMA DE LA ESTUFA O DEL HORNO, *TALES COMO CAJAS DE CARTON, ARTICULOS DE PAPEL,* ETC EL AGUA DEBE ESTAR CONECTADA AL CALENTADOR DE AGUA ELECTRICO.

☐ DEPOSITO DE $ _____ DEBE SER PAGADO ANTES DE _____

PARA MAS INFORMACION FAVOR DE LLAMAR AL 371-7171

NUESTRO REPRESENTANTE LLEGO AQUI HOY Y ☐ **PUDO** ☐ ***NO PUDO* LLEVAR A CABO LO SIGUIENTE.**

- ☐ Prender la electricidad
- ☐ Cambiar el medidor electrico
- ☐ Confirmar la lectura de los medidores
- ☐ Desconectar su servicio electrico

PORQUE.

- ☐ Necesita permiso de la ciudad o condado
- ☐ La cuenta esta delincuente
- ☐ Favor de establecer servicio en su nombre
- ☐ El enchufe del medidor electrico no está identificado *(Necesita el numero del apartamento/casa en el enchufe)*
- ☐ El medidor no esta accesible
- ☐ Verja(s) Cerrada(s)
- ☐ Perro(s) Suelto(s)
- ☐ Pongase en contacto con un electricista, su sistema electrico necesita ser reparado
- ☐ Existe un defecto de segundad, una etiqueta azul ha sido aplicada
- ☐ La caja del interruptor está cerrada
- ☐ El tablero de multimedidores no ha sido aprobado por APS

A Message from your APS Meter Reader...

I was here today to read the APS meter, and could not due to:

- ❑ The gate was locked or inaccessible
- ❑ Your pet is protecting your home from strangers and would not allow me to enter your yard
- ❑ Plants and trees are covering or blocking the view of the meter
- ❑ The path to your meter is blocked or inaccessible
- ❑ Other _____

_____

We have solutions to offer you.

Please take a minute to call us:
English: (602) 371-7061
Toll-Free: (877) 873-8798

- To ensure accurate reads every month, the meter reader must have unassisted access to your meter
- In many cases the meter reader needs to physically touch the meter to obtain reads and monitor meter functions
- Continued inaccessibility to your meter will result in estimated bills and may result in a change of your current rate plan or disconnected service
- APS is dedicated to providing it's customers with excellent service Please take the time to call us so we can find the right solution for you

Your Assistance is Appreciated

APS

THE POWER TO MAKE IT HAPPEN™

aps.com

863-01NR

Un mensaje del técnico que lee el medidor de APS..

Pasé hoy para tomar la lectura del medidor de APS, y no la pude obtener debido a que:

- ❑ El portón estaba cerrado con llave o inaccesible
- ❑ Su perro (animal doméstico) estaba protegiendo su hogar contra personas desconocidas y no me permitió que entrara a su yarda
- ❑ Hay obstáculos bloqueando el medido, tales como árboles y plantas que no permiten que obtengamos la lectura
- ❑ Hay obstáculos en el camino que impiden el paso a su medidor
- ❑ Otra razón _____

_____

Tenemos soluciones que ofrecerle.
Por favor tome un minuto y llámenos:
Español: (602) 371-7051
Llamada gratis: (877) 873-8798

- Para asegurar que el técnico que lee su medidor cada mes obtenga lecturas exactas es necesario que tenga acceso a su medidor sin ninguna interrupción
- En muchos casos el técnico que lee el medidor necesita tocar físicamente el medidor para obtener la lectura y inspeccionar las funciones del medidor
- La inaccesibilidad continua a su medidor resultará en facturas estimados y es posible que tengamos que cambiar su plan de tarifa actual o desconectar su servicio eléctrico
- En APS estamos dedicados a proveer excelente servicio a nuestros clientes Por favor tome unos cuantos minutos y llámenos para poder determinar la solución perfecta para usted

Apreciamos su Asistencia

APS

EL PODER DE NUESTRA ENERGIA™

aps.com

LINDA SCHAEFFER
Your Account Number 824204282
Billing Date Apr 16, 2002

Questions? Visit our website at www.aps.com or call 602-371-7171, 24 hours a day, 7 days a week. Para servicio en español llame al 602-371-6861.

Previous Balance	Payments Received	Current Charges	Total Due by 04/29/2002
0.00	0.00	47.95	47.95

* ALERT/ALERT *

A meter reading issue exists at your location.

PLEASE CALL US at: 602-371-7171 (Metro Phoenix area) or 1-800-253-9405 (other areas).

SERVICE INFORMATION

Service number	300TS20286
Your service plan	Time Advantage Rate
Service address	3638 W Caribbean Ln

Your meter number E38746
Your meter is read in cycle 07

On Apr 11 your total kWh read was	54186
On Mar 14 your total kWh read was	54118
Your total kWh usage is	68
This month's read was estimated - DOG	
On Apr 11 your on-peak kWh read was	22764
On Mar 14 your on-peak kWh read was	22739
Your on-peak kWh usage is	25
Your off-peak kWh usage is	43

ENERGY USE COMPARISON

	This Month	Last Month	Last Year
Days	28	N/A	N/A
Daily kWh	2	N/A	N/A
Daily Cost $	0.75	N/A	N/A

CURRENT CHARGES

Basic service charge	15.00
Charge for on-peak kWh used	2.76
Charge for off-peak kWh used	1.84
ACC mandated environmental surcharge	0.06
Regulatory assessment	0.04
Sales tax	1.41
Current energy & delivery charges	21.11
Service establishment charge 03/14/2002	25.00
Regulatory Assessment	0.05
Sales Tax	1.79
Current miscellaneous charges & credits	26.84
Total current charges	47.95

When paying in person, please bring bottom portion of this bill.

Billing Date Apr 16, 2002
Account Number 824204282

Account Number 824204282
Billing Date Apr 16, 2002

ENTER AMOUNT ENCLOSED

ENTER S.H.A.R.E. AMOUNT

MAKE CHECK PAYABLE TO: APS

Check No. _____

Date paid _____

Amount _____

LINDA SCHAEFFER
PAUL SCHAEFFER
3638 W CARIBBEAN LN
PHOENIX AZ 85053-4637

If contributing to S.H.A.R.E. please enter amount in S.H.A.R.E. box and add to your total

TOTAL AMOUNT OF $47.95 DUE BY 04/29/2002

KEEP THIS STUB PORTION FOR YOUR RECORDS

07 R 1 1

0000000082420428280200204160000026849000004795 64 000

Active Account
No Access

September 9, 2003

«cust_name»
«addr1»
«addr2»

Dear «Cust_Name»

The electric service will be disconnected at «SADD» as we have been unable to safely access and read the electric meter for five or more consecutive months

We want to provide you uninterrupted service and accurate billings, so please take a moment to contact us

Your service will be disconnected following your next read if we are unable to safely access your meter To re-establish service, safe access will be required and reconnect charges will apply

Please call (602) 371-7061 or 1-877-873-8798 to provide us an opportunity to offer access solutions We can also assist you in Spanish at (602) 371-7051 (en Español)

Sincerely,

APS Customer Service

Meter A93326, 6826 E. Solcito Lane, Paradise Valley, AZ

Billing Period	Days in Billing Cycle	Energy Use (kWh)	Actual Meter Dial Read	Meter Read Date
3/3/99-3/19/99	16	602	96,665	3/19/99
3/19/99-4/21/99	33	1788	98,453	4/21/99
4/21/-5/20/99	29	3042	1,495*	5/20/99
5/20/99-6/21/99	32	3493	–	estimated
6/21/99-7/21/99	30	3225	–	estimated
7/21/99-8/18/99	28	2711	–	estimated
8/18/99-9/17/99	30	2406	–	estimated
9/17/99-10/18/99	31	3492	–	estimated
10/18/99-11/17/99	30	2901	–	estimated
11/17/99-12/17/99	30	2900	–	estimated
12/17/99-1/19/00	33	3191	–	estimated
1/19/00-2/17/00	29	2013	–	estimated
3/02/00			37,674[1]	Ms. Read called in meter read
2/17/00-3/21/00	33	1242	–	estimated
3/21/00-4/18/00	28	1788	–	estimated
4/18/00-5/18/00	30	3042	–	estimated
5/18/00-6/19/00	32	3493	–	estimated
6/20-7/19	30	12707	57,429[2]	7/19/00
7/20-8/17	30	2904	–	estimated
8/18/00-9/18/00	31	9855	70,188[3]	9/18/00

* Upon reaching 99,999, the meter recycles to 00,000.

[1] On May 20, 1999, the actual kWh meter dial reading was 1495. On March 2, 2000, the next time that there was an actual read, the kWh meter dial reading was 37,674. (Mrs. Read called in the meter read on March 2).

Thus, actual usage (kWh) from May 21, 1999 through March 2, 2000 was 36,179 kWh. During this same period, APS estimated Read's kWh usage at 26,932 kWh (adding 600 kWh from 2/17-3/21 estimate to this period). APS therefore **underestimated** Mrs. Read's kWh usage during this period by approximately 10,000 kWh.

[2] The last known meter read was on March 2, 2000 – 37,674 kWh. The next actual read occurred on July 19, 2000, with a kWh actual meter dial read of 57,429. This means that from March 2 through July 19, 2000, Read used 19,755 kWh. From March through June, however, APS estimated Read's usage at 8965 kWh (adding 642 kWh from 2/17-3/21 estimate to this period). Thus, APS estimated that Read's usage for the first four months of the period was 8965 kWh, less than half of the actual usage during the total five-month period. Again, it appears that APS **underestimated** Read's kWh usage during this period because it is highly unlikely that more than half of Read's energy usage during the five-month period occurred during the last one-month period (July).

[3] The last known meter read was on July 19, 2000, with a kWh actual meter dial read of 57,429. The actual meter read on September 18, 2000 showed an actual kWh meter dial read of 70,188. This meant that Read used 12,759 kWh during this two-month period. APS estimated that Read's kWh consumption in August was 2904 kWh, approximately 23% of the total electrical usage during this two-month period. As with the previous periods, APS likely **underestimated** the August usage, given that it is unlikely that Read consumed 77% of the total electrical usage during the last monthly period (September).

Meter 906893, 6702 E. McDonald, Phoenix, AZ

Billing Period	Days in Billing Cycle	Energy Use (kWh)	Demand (kW)	Meter Read Date	Bill Amount	Cost Per Day
9/21/98-10/21/98	29	3633	9.9	10/21/98	$282.59	$9.74
10/21/98-11/20/98	30	2900	9.7	11/20/98	$195.26	$6.51
11/20/98-12/22/98	32	3602	9.5	12/22/98	$219.28	$6.85
12/22/98-1/22/99	31	3184	8.6	1/22/99	$197.07	$6.35
1/22/99-2/19/99	28	2860	8.7	estimated[1]	$186.02	$6.64
2/19/99-3/19/99	28	3577	11.9	3/19/99	$238.28	$8.51
3/19/99-4/21/99	33	3356	10.2	estimated[2]	$216.37	$6.55
4/21/99-5/20/99	29	3622	11.0	estimated[3]	$295.10	$10.17
5/20/99-6/21/99	32	4148	12.0	estimated[4]	$329.63	$10.30
6/21/99-7/8/99	15	4416	23.6	7/8/99[5]	$333.91	$22.26

[1] Meter 906893 was read for the month ending January 22, 1999 -- kWh was 3184 and kW was 8.6. The meter was also read for the month ending March 22 -- kWh was 3577 and kW was 11.9. The February kWh estimate (2860) appears to be underestimated because the January kWh read (3184) and March kWh read (3577) are both higher than the kWh February estimate. In addition, the February kW estimate of 8.7 appears reasonable based on the January kW read of 8.6 and March kW read of 11.9.

In addition, the February 1999 estimates appear reasonable (and probably underestimated) based on Read's historical reads. In February 1996, the actual read was 3510 kWh and 10.4 kW, both of which are higher than the February 1999 estimates of 2860 kWh and 8.7 kW. In February 1998, the actual read was 3148 kWh and 10.8 kW, and again, both of these figures are higher than the February 1999 estimates.

[2] The April 1999 kWh and kW estimates also appear reasonable. Both the April 1999 kWh estimate (3356) and kW estimate (10.2) are lower than the March 1999 kWh read (3577) and kW read (11.9). Since April is typically hotter than March, one would expect both kWh and kW to be higher in April than March, but the APS April estimates are lower than the known March usage amounts.

The April 1999 estimates also appears reasonable based on Read's account history. Read's April 1996 and April 1997 reads were also estimated. However, Read's April 1998 actual read was 3148 kWh and 10.8 kW, compared to the April 1999 estimate of 3356 kWh and 10.2 kW.

[3] The May 1999 estimate also appears reasonable based on Read's historical usage. Read's May 1996 read was estimated. In May 1997, however, her actual read was 4353 kWh and 15.9 kW. In May 1998, her actual read was 2178 kWh and 8.4 kW. The May 1999 estimates are in the middle range of the May 1997 and May 1998 actual reads.

In addition, the May 1999 kWh estimate of 3622 is only slightly higher than the March 1999 kWh read of 3577, and the May 1999 kw estimate of 11 is lower than the March 1999 kw read of 11.9.

[4] The June 1999 estimates were 4148 kWh and 12 kW. In June 1996, Read's actual read was 5188 kWh and 20.2 kW. In June 1997, the actual read was 5511 kWh and 19.8 kW. In June 1998, the actual read was 3945 kWh and 11.9 kW. Based on the actual meter in June 1996, 1997 and 1998, it appears that APS probably underestimated Ms. Read's kWh and kW in June 1999.

[5] Ms. Read also claims that the actual meter read on July 8, 1999, must have been inaccurate (kWh of 4416 and kW of 23.6). However, Read's historical usage demonstrates that there is no reason to believe this actual reading was inaccurate.

Read's July 1996 and 1998 reads were estimated. In July 1997, her actual read was 4519 kWh and kW of 13.6. In addition, there have been months during the summer period in which Read consumed similar or even larger amounts of kWh and kW. In August 1996, the actual read amounts were 12,567 kWh and 26.6 kW. In September 1996, Read's meter read was 7600 kWh

and 23.3 kW. Both kWh and kW in August and September 1996 are significantly higher than the July 1999 estimates.

Installed Service - ELECTRIC - 239340289 - 3707 E WETHERSFIELD RD

Installed Services Selected Edit View Help

Meter Number Is E26817

Meter Trail 393-98-89-42798

Next SA Window 02/06/2004 Thru 02/17/2004

General

Usage History

Rel'ship

Profile

Status	TOU	Sou	Date	Begin	End	Billing Usage	Dmd Rdg
BILLED		NOR	12/08/1999	2964	4372	1,408.0	6.900
BILLED		NOR	11/08/1999	1716	2964	1,248.0	9.400
BILLED		REA	10/08/1999	0	1716	1,716.0	9.400
BILLED		SER	09/15/1999	0	0	0.0	0.000
BILLED		SER	09/15/1999	44262	44816	554.0	8.500
BILLED		MAN	09/09/1999	41393	44262	2,873.0	9.600
BILLED		REA	08/09/1999	39146	41393	2,237.0	8.400
BILLED		REA	07/12/1999	36657	39146	2,489.0	8.700
BILLED		REA	06/09/1999	35772	36657	885.0	9.500
BILLED		AUT	05/11/1999	34351	35772	1,421.0	4.300
BILLED		AUT	04/09/1999	32799	34351	1,552.0	4.700
BILLED		AUT	03/11/1999	31158	32799	1,641.0	5.000
BILLED		REA	02/09/1999	30177	31158	981.0	9.100

Add Reading...

Hide Void/Cancelled

Page 1 of 1

ENIX AZ 85032, APS

E26817, ON, N

NUM

Start Inbo... CIS ... Ste ... Lan... Mic... Cust... Inst... Serv... 8:55 AM

Installed Services - ELECTRIC - 129901283 - 12002 N 15 AVE PHOENIX

Installed Services Selected Edit View Help

Meter Number is: C87111 — Meter Trail 393-19-09-3680

Next SA Window 02/23/2004 Thru 03/02/2004

General | Usage History | Rel'ship | Profile

Status	TOU	Source	Date	Begin	End	Billing Usage	Dmd Rdg	Bld C
BILLED		NORMA	10/25/2001	88684	90174	1,490.0	5.900	
BILLED		NORMA	09/25/2001	86235	88684	2,449.0	6.600	
BILLED		NORMA	08/24/2001	83628	86235	2,607.0	6.300	
BILLED		NORMA	07/25/2001	81019	83628	0.0	6.200	
BILLED		NORMA	06/28/2001	78735	81019	2,284.0	6.300	
BILLED		NORMA	05/25/2001	76744	78735	1,991.0	6.800	
BILLED		NORMA	04/26/2001	75328	76744	0.0	5.800	
BILLED		OFFICE	03/28/2001	74407	75328	921.0	0.000	
BILLED		OFFICE	02/27/2001	73495	74407	912.0	3.900	
BILLED		AUTOM	01/25/2001	73019	73495	476.0	1.500	
BILLED		AUTOM	12/27/2000	72491	73019	528.0	1.600	
BILLED		AUTOM	11/27/2000	71874	72491	617.0	1.700	
BILLED		PROBE	10/25/2000	68984	71874	2,890.0	8.000	

Add Reading... ☑ Hide Void/Cancelled

Page 1 of 1

85023, APS

N 15 AVE PHOENIX AZ

Meter # C87111, DN: N01

NUM

Start | Inbox... | CIS W... | Site H... | Lawsu... | Micros... | Custo... | Installed... | 9:18 AM

Attachment 2

Exhibit "C"
"SECOND REVISED"
ARIZONA PUBLIC SERVICE COMPANY

Methodologies for Estimating Customer Usage Without Meter Reads
Revised 8/2/04

BACKGROUND

Arizona Public Service Company ("APS" or "the Company") regularly encounters situations in which APS cannot obtain a complete and valid meter read. This could result from, among other reasons, the fact that a customer has not provided APS access to the meter or has diverted energy, the meter is broken, or weather conditions have made it impossible to read the meter. Without a valid meter read, the customer's energy usage must be estimated in order to render the bill for the missing-read-period.

APS uses various methods to estimate electrical usage -- depending on the circumstances -- to ensure that APS obtains the most accurate usage estimate. When APS is unable to obtain an actual meter read, the Company follows the estimation methods and procedures described below.

SUMMARY OF ESTIMATING METHODOLOGIES

There are two measures of electric usage that may be estimated: the amount of energy used (kWh) during the billing period and maximum demand (kW) during the billing period. To estimate energy usage (kWh), APS' preferred approach is to use the customer's average daily usage for the same season. If there is insufficient information to do so, APS then uses the customer's usage from the previous month, if it is in the same season, or the customer's usage from the same month of the previous year. For recently connected customers, APS uses the previous usage for the same premises. Because the number of days in the customer's billing period varies from one month to another, APS calculates estimated energy usage on a daily basis and multiplies this number by the number of days in the period. To estimate demand (kW), APS applies the applicable class average load factor to the estimated energy use.

The estimating methods employed by APS to estimate a meter read are listed below:

A. Estimates for Active Accounts, Including Initial and Final Bills
   1. Estimating Energy Usage (kWh)
      a. Existing Meter With Account History
         i. Seasonal Average Method
         ii. Previous Month Method
         iii. Same Month Previous Year Method
         iv. Time-of-Use Energy Allocation
      b. New Meter Set Without Account History
   2. Estimating Demand (kW)
      a. Residential Time-of-Use Demand Service Plan
      b. Residential Non-Time-of-Use Demand Service Plan
      c. Non-residential Demand Estimates

B. Adjusting Estimated Usage Based on Subsequent Actual Read

C. Estimating When Customers Divert Energy

D. Estimating for Meter Failure
   1. Complete Meter Failure ("dead meters")
   2. Slow/Fast Meters

A. Estimates for Active Accounts, Including Initial and Final Bills

APS uses the following methods for estimating electrical usage for active monthly bills, including initial and final bills, when the Company is not able to obtain a meter read.

1. ESTIMATING ENERGY USAGE (kWh)

a. Existing Meter With Account History

These situations usually occur because a customer has not provided APS personnel safe and unassisted access to the meter to obtain a read. When there is energy usage history available for the site, the Customer Information System ("CIS") or a Billing Associate will estimate the kWh usage (both total monthly usage and time-of-use usage when applicable) using one or more of the following three methodologies.

i. Seasonal Average Method. This method calculates the average usage per day for the entire season that includes the period for which there is a missing read. The resulting per day usage is multiplied by the number of days in the missing-read billing period to yield the estimate of usage for that period.

This method requires retrieval of the customer's total kWh and the total number of days for the most recent six months for the season of the missing read from CIS. The months in the two billing seasons are:

Season	Residential	Business
Winter	November-April	November-May
Summer	May-October	June-October

Then, using the seasonal account history, CIS or a Billing Associate will follow these steps:

1) Total the number of days from each of the previous six months for the appropriate season to yield Seasonal Total Days.
2) Total the kWh from each of the previous six months for the appropriate season to yield the Seasonal Total kWh.
3) Divide Seasonal Total kWh by Seasonal Total Days to yield the Seasonal Per Day Usage.
4) Multiply the Seasonal Per Day Usage by the number of days in the missing-read billing period to yield the kWh for the missing-read billing period.

Example of Seasonal Per Day Calculation

Assume the missing-read month is May 2003 (a summer month) and that there are 32 days in the billing period. Thus, the appropriate seasonal energy is from the six summer months of the previous year. For this example:

Month	Usage	Days
May 2002	995	30
June 2002	1,532	29
July 2002	1,796	31
Aug 2002	2,098	29
Sep 2002	1,919	31
Oct 2002	1,629	28
Totals	9,969	178

Total Seasonal Usage = 9,969 kWh
Total Seasonal Days = 178 days
Missing-read Period = 32 days
Therefore:
9,969 ÷ 178 = 56.01 kWh per day
56.01 x 32 = 1,792 kWh

Estimated consumption for May is 1,792 kWh.

ii. Previous Month Method. This method is used when there is not sufficient account history to use the Seasonal Average Method, but there is account history for the previous month in the same season as the missing-read month. This method calculates the estimated daily energy usage (kWh) from the previous month and multiplies it by the number of days in the missing-read billing period.

The steps in this method are as follows:

1) Retrieve from CIS the customer's usage and the number of days in the previous month.
2) Divide the previous month's usage by the number of days in the previous month to yield the per day usage.
3) Multiply the previous month's per day usage by the number of days in the missing-read billing period.

Example of Previous Month Per Day Calculation

Assume the missing-read month is January and the January billing period contains 32 days. For this example:

December usage = 2,369
December number of days = 27
January number of days = 32

2,369 ÷ 27 = 87.74 kWh per day previous month
87.74 x 32 = 2,807 kWh for the missing-read month

January estimated usage is 2,807 kWh.

iii. Same Month Previous Year Method. This method is used when there is insufficient account history to use the Seasonal Average Method and the previous month is in a different season than the missing-read month. This method is identical to the Previous Month Usage Method (see ¶ A.1.ii. above), except that usage and number of days from the same month in the previous year is used to estimate the energy usage for the

missing-read period, rather than usage and number of days from the previous month in the same year.

iv. Time-of-Use Energy Allocation without Account History. If the account is currently on a time-of-use service plan, but was not on time-of-use a year ago, the estimated usage is allocated to on-peak and off-peak based on the class average split for on-peak and off-peak energy.

Example of Same Month Previous Year Method, Time-of-Use Service Plan

Assume the same estimated energy in the previous example. The class average energy split for a time-of-use service plan in the summer months is 40% on-peak and 60% off-peak, and in the winter months it is 30% on-peak and 70% off-peak. Using these averages, the on-peak and off-peak energy calculations for this example are as follows:

	Total	40% On-Peak	60% Off-Peak
Summer Month	2,807 kWh	1,123	1,684

	Total	30% On-Peak	70% Off-Peak
Winter Month	2,807 kWh	842	1,965

b. New Meter Set Without Account History

This method is used when APS is unable to obtain a meter read at the first read of a new account. When this occurs, CIS flags the account as an "exception" and the account is routed to a Billing Associate, who estimates the usage as follows:

i. If the number of days between the meter set and read date is less than the established threshold required to estimate usage (currently 10 days), the Billing Associate uses zero usage. Thus, the customer's first bill is only a prorated Basic Service Charge.

ii. If the number of days is greater than the current required threshold, the Billing Associate estimates a read using a "minimum usage estimate" of kWh per day (currently 20 kWh per day) multiplied by the number of days between the original meter set and read date. For those new accounts on a time of-use rate, the "minimum usage estimate" is split at 40% on-peak during the summer and 30% on-peak during the winter. This is consistent with the methodology described in ¶ A.1.a.iv above. If the new account also has a demand meter, the demand is estimated using the same load factor methodology as mentioned in ¶ A.2 below.

2. ESTIMATING DEMAND (kW)

In general, to estimate a customer's maximum demand without an actual read, CIS or a Billing Associate estimates demand (kW) by applying the applicable class average load factor to actual or estimated energy usage (kWh). The Billing Associate may also give consideration to the customer's demand during the same month of the previous year or the demand during the preceding month to verify the estimated demand using the average load factor.

a. Time-of-Use Demand Service Plans. For those customers on a time-of-use demand service plan, APS first calculates the estimated on-peak kWh using the appropriate kWh estimating methodology. APS then calculates the total number of on-peak hours during the missing-read billing period by multiplying the on-peak hours per day times the estimated number of

weekdays in the missing-read billing period. APS next calculates the on-peak demand by dividing the on-peak energy usage by the number of on-peak hours and the time-of-use class average on-peak load factor. Residential demands are estimated and billed to the nearest tenth of a kW. Non-residential demands are estimated and billed to the nearest whole kW.

Example of Estimating Demand for Time-of-Use Service Plan

For this example, assume the following:

Estimated on-peak energy usage = 842 kWh
Number of weekday on-peak hours = 12[1]
Number of days in the missing-read billing period = 31
Number of weekdays in the missing-read billing period = 5/7 x 31 = 22
Class average on-peak load factor = 42%[2]

Then:

22 x 12 = 264 on-peak hours
842 ÷ (264 x 0.42) = 7.6 kW

The estimated on-peak demand for the missing-read period is 7.6 kW.

b. Non-Time-of-Use Demand Service Plans. To estimate demand for the non-time-of-use service plans, APS calculates the kWh usage for the missing-read billing period. APS then calculates the total number of hours in the missing-read billing period by multiplying the number of days by 24. APS calculates the monthly peak demand by dividing the estimated energy usage by the total number of hours figure multiplied by the class average load factor. Residential demands are estimated to the nearest tenth of a kW. Non-residential demands are estimated and billed to the nearest whole kW.

Example of Estimating Demand for Non-Time-of-Use Service Plan

For this example, assume the following:

Estimated energy usage = 1,160 kWh
Number of days in missing-read billing period = 29
Class average load factor = 35%[3]

Then:

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[1] Currently, the monthly on-peak hours for ECT-1R accounts are 12 hours for each weekday. Until April 2004, the monthly on-peak hours were overstated as 13 hours for all days (based on a superceded rate schedule).

[2] 42% is the current average monthly on-peak load factor used to estimate demand for ECT-1R customers. From approximately March 1999 until August 2002, APS used a 50% load factor to estimate such demand; from August 2002 until April 2004, APS used a 35% figure to estimate demand for these types of accounts. These changes were based on APS' analysis of average load factors by customer classification.

[3] Since August 2002, APS has used a 35% average load factor to estimate demand for EC-1customers. From approximately March 1999 until August 2002, APS used a 50% load factor to estimate demand for EC-1 customers.

29 x 24 = 696 hours
1,160 ÷ (696 x 0.35) = 4.8 kW
The estimated monthly maximum demand is 4.8 kW.

c. Non-Residential Demand Estimates. All non-residential services that must be estimated are calculated using the same methods as the residential methods above, except the average load factors for the respective class of non-residential customers are used in the calculations.

B. Adjusting Estimated Usage Based on Subsequent Actual Read

When APS obtains an actual read following a previously estimated meter read that does not fall within the bounds of APS' normal "high-low" energy usage criteria for the previous month, CIS creates an exception. A Billing Associate evaluates the exception to determine if the new read indicates that the prior estimated read now appears to be significantly high or low. If the Billing Associate determines that the estimated read is either high or low, taking into account normal seasonal usage changes, then the Billing Associate will adjust the previous month's estimated read taking into account the subsequent actual read.

The amount of energy usage (kWh) can be estimated for Final and Active Monthly Bills by comparing a subsequent actual read with the last prior actual read and determining the difference to get the adjusted missing read. The difference between the last actual read prior to the estimated read, and the new actual read subsequent to the estimated read are used to calculate the per day usage. The per day usage is multiplied by the number of days for the bill to yield the total energy used in the billing periods.

Example of Reallocation of Energy Usage Based On Subsequent Actual Read

Assume on May 15 APS had an actual read of 19886.
On June 16, APS estimated energy usage for 32 days (May 15 to June 16).
On July 14 APS obtained an actual read of 23210 for 28 days (June 16 to July 14).

Total number of days: 28 + 32 = 60
Total Usage: 23210 – 19886 = 3,324 kWh for 60 days
Per day usage: 3,324 ÷ 60 = 55.4 kWh
Estimated June usage: 32 x 55.4 = 1,773 kWh
Estimated June read: 19886 + 1773 = 21659

An estimated demand (kW) may be reduced later when a subsequent actual demand read is lower than the estimated demand read for the previous missing-read billing period. When CIS finds this circumstance, it produces a billing exception. The Billing Associate who receives the exception notice reduces the previously estimated demand to the actual read (or lower if warranted), and credits the customer's account balance for the difference in the demand charge.

Example of Adjusting Previously Estimated Demand Based on Subsequent Actual Read

Assume that May demand is an actual read of 6.4 kW and the demand register is reset to zero at the time of the read.
June demand is estimated at 7.3 kW and demand register was not reset (no access).
July is an actual read of 6.9 kW and the demand register is reset to zero at the time of the read.

The July CIS billing will produce a billing exception because the actual demand is less than the estimated demand for the previous month. The Billing Associate will reduce the June demand to 6.9 kW or, perhaps, to a lower demand using other available information such as historical data.

C. Estimating When Customer Diverts Energy

In instances in which a customer diverts his energy use, one or more of the methods described above may be used to estimate the usage for the period of suspected energy diversion. If there is insufficient usage history because tampering has occurred over an extended period of time, the Degree Day Method may be used.

The Degree Day Method consists of determining the customer's non-weather-sensitive "base load" (as metered during a period that is determined to be free from tampering or diversion) and adding to that usage the estimated usage of the customer's inventory of weather-sensitive appliances, adjusted for actual weather conditions as measured by "degree days."

APS estimates the base load as an average of the electric usage with little or no heating or cooling, which represents a customer's basic electric usage for lighting and non-weather-sensitive appliances, such as washer, dryer, television and refrigerator. April and November are normally base load months requiring minimal heating or cooling.

Next, APS adds to the base load the customer's estimated electrical requirements for heating or cooling needs. APS inventories the customer's weather sensitive equipment, such as evaporative cooler, refrigerated air conditioner, heat pump, heat strips, and gas furnace. Using APS' database of the electric usage of such equipment, APS estimates the customer's electric usage for heating and cooling.

The additional electric usage for heating or cooling is calculated by using temperature information received from the National Weather Service. APS retrieves the historical daily temperature during the back-billing period from the National Weather Service to calculate the customer's degree days. To determine how many hours of heating or cooling were needed, the high and low temperatures for each day are averaged. In the summer, if the daily average temperature is over 80 degrees, then the difference between the daily average and 80 degrees represents the number of hours needed for cooling to maintain an inside temperature of 80 degrees that day. In the winter, the high and low temperatures are again averaged and if the daily average high temperature is under 65 degrees, then the difference between the daily average temperature and 65 degrees represents the number of hours needed for heating to maintain an inside temperature of 65 degrees that day.

Once the number of heating or cooling hours is determined, the electric usage of the customer-specific equipment to meet that heating or cooling requirement is calculated. APS uses its current engineering estimates for the kW demand for the heating and cooling equipment and multiplies those factors by the actual degree day hours to yield the kWh for both heating and cooling requirements.

Summary of the Degree Day Calculations:

1. Estimate base load using actual averaged data in base load months.
2. Calculate the number of heating or cooling degree day hours for the billing cycle.
3. Multiply customer specific heating and cooling equipment by the appropriate kW factor. The current average electric usage factor is as follows:
    a. Heat pump heating = 0.771 kW per ton
    b. Gas furnace = 0.955 kW per hour
    c. Refrigerated cooling = 1.266 kW per ton
    d. Evaporative cooling = 0.955 kW per each ¾ horse power cooler
4. Multiply the total heating or cooling hours in the billing cycle (calculated in number 2 above) by the total kW (calculated in number 3 above).
5. Add the product from number 4 above to the base load in number 1 above to determine total kWh for the billing cycle.

Example of Bill Estimation for Energy Usage Using Degree Day Method

Assume:

1. An all-electric, 2,000 square foot home with a three-ton heat-pump.
2. November usage for this home is 700 kWh.
3. National Weather Service temperatures in December as shown in the following table:

Day of the Month	Daily High Temp	Daily Low Temp	Average	Inside temperature of 65° degrees - required heating hours per day
December 1	66	50	58	65 – 58 = 7 heating hours
December 2	70	50	60	65 – 60 = 5 heating hours
December 3	78	56	67	65 – 67 = 0 heating hours
***	***	***	***	***
December 31	68	52	60	65 – 60 = 5 heating hours

Assume for this example:

1. December is the billing period
2. Base load = 700 kWh
3. Total heating hours for the billing period = 7 + 5 + 0 + . . . + 5 = 196 degree hours
4. 3 tons of heating x 0.771 kW per hour per ton = 2.313 kWh per heating degree hour
5. 196 x 2.313 = 453 kWh, total heating requirement
6. 700 + 453 = 1,153 kWh, total estimated usage for the billing period

If it is necessary to estimate demand, the demand is determined as set forth in ¶ A.2 above.

D. Estimating for Meter Failure

1. Complete Meter Failure ("dead" meters). Occasionally an actual meter read will indicate very little or no energy usage and CIS will generate a billing exception. A Billing Associate will compare the low or zero consumption to the customer history. If a Billing Associate suspects that the meter is no longer working, the Associate will attempt to determine if there is any activity at the site. The Associate will request a field check to determine whether the meter has failed or the site is vacant and using no energy.

   When a meter has failed, the usage is estimated by applying the methods described in Section A above or by applying the actual per day usage (less three percent) of the new replacement meter, whichever is lower. When the new meter period usage is the basis for the estimate, APS adjusts for the typical differences in weather-related usage between the new meter month and the failed meter period.

2. Slow/Fast Meters. If a meter shop test of the suspected failed meter determines that the meter is registering a consistent percentage (either fast or slow) on tests of both full and light load, APS increases or decreases the actual historical usage in proportion to the percentage of error determined by the meter test. The account is rebilled for the period of meter error and the customer's account is credited or debited accordingly.

STAFF'S FIRST SET OF DATA REQUEST TO ARIZONA PUBLIC SERVICE COMPANY BILLING ESTIMATION AND METER READING INQUIRY SEPTEMBER 3, 2004

Staff 1-17 Does APS have computer software that estimates bills? If yes, please identify the software that is used.

RESPONSE:

Yes. APS utilizes the CIS System that was purchased from IBM Global Services and originally developed for Northern Indiana Public Service Company. It is based on a Client Server Architecture. The database is on DB2 and VSAM files on the IBM mainframes. APS currently runs production on two 9672 mainframes in a parallel sysplex environment. The current environment runs on IBM z/OS 1.4. The front end is Windows NT screens in Windows 2000 environment. Billing, Accounts Receivables, Meter Reading, Credit and Collections, Service Orders and Feedback, Meter Inventory System (MIS) & Deposits are the core functional areas. The CIS System does Bill Estimations.

In addition, there is a 'Bill Estimater' web-based program that was developed in-house. The business rules for Bill Estimater are identical to CIS system.

Attachment 4

CQ#	Title	Release/Installed Date		
2764	Add new irregular use value for customers that can have zero usage in any month of the year.	12/2/1998		
Unknown	Logic to estimate KW was introduced.- Using 13 hours for all 7 days for residential TOU (residential NON-TOU and Non-residential had it as 24 hours / 7 days).	3/9/1999		
Unknown	Do not zero out estimated usage for irregular services even if the irregular service code is in use. Estimate based on the same month one year ago.	3/24/1999		
Unknown	Use the number of days to determine estimated demand instead of a hard-coded value.	6/9/1999		
5132	Point system used to determine when an account is estimated needs to be modified	9/29/2000		
5384	Batch Billing is ignoring memo reads that were entered prior to billing. The reads is estimated even though there is a good 'Late Actual Read' in the system. See route 117 20 01.	11/17/2000		
4899	Metered accounts which have billed via an Auto Estimate in prior months stop billing and create held usage without an exception.	12/15/2000		
3905	Timing problem between route download and meter read time causing an automatic estimate to bill. this is a problem when a TOU meter is being installed and old meter is not TOU.	12/31/2000		
3631	Unidentifed reads - Estimated read should be cleared out if the stop goes to exception and the Read Source is 09 (meter not read)	2/9/2001		
4011	9-20-99 - njb - system is estimating total row on usage but not the peak row. See CA 375142285. The read for the peak would need to be manually entered so that we can bill since we can't bill without the peak.	2/9/2001		
3831	An estimated billing occurred after a meter exchange but did the estimate based on the old meter. The meter exchange was ignored and the usages voided.	2/23/2001		
6124	System is estimating accounts in the North country area too low. Introduced the logic to multiply and divide the estimated usage by 30.	3/2/2001		
6133	Find some way to display that the customer has 3 or more months of estimated reads. Either change the color of the icon in the first column of the Bill Comp page, add an "A" to the account for access problems etc .	6/5/2001		
5431	Not estimating the KW for CA 113290282 (irregular user)	6/22/2001		
7548	Do not system estimate accounts that are coded as "Irregular User". Also, we need a 116 Billing exception creating in the 3rd month, not the 4th.	6/29/2002		
7603	Estimation over proration needs to be working.	6/29/2002		
6515	System estimating is using incorrect usages in the estimate process. For new turnon's if there is a gap in service the turnon row is included in system estimates.	8/24/2002		

7656	On 1800 rate, the system should not estimate an a zero demand read. In addition to this, change the factors for system estimating, per the Regulatory Dept. The division factor 0.35 for residential (TOU and Non-TOU) and 0.50 for non-residential was introduced.	8/24/2002		
8369	Enhance the function of the Usage Detail page when a Read Source of Estimated, Prorated or Manual Correction is selected for an Initial Bill or a Final Bill, to enable the dropdown list for the Reason the reads are being changed.	8/16/2003		
8852	Create a new Approvable Billing Exception, or use an existing Approvable Billing Exception that is not in use, to create whenever a current month'registered demand (KW) is less than the previous month's estimated, prorated, manual corrected demand (KW).	9/24/2003		
8977	The system is not rounding Estimated Billed KW's for Commercial customers.	12/13/2003		
8822	When a meter exchange is done, do not "Auto Estimate" the on cycle reads following the meter exchange if they are not present.	3/27/2004		
9066	Change "Office Estimated" and "Prorated" to be included in the on-line exception validation.	6/19/2004		
CIS00000187	Change "Office Estimated" and "Prorated" to be included in the on-line exception validation.	6/19/2004		
CIS00000288	In working on CQ 9279 to change the system estimating, it was noticed during testing that we are estimating kw demand's with zero. We cannot estimate zero demands, unless the usage is zero.In working on CQ 9279 to change the system estimating, it was noticed during testing that we are estimating kw demand's with zero. We cannot estimate zero demands, unless the usage is zero. Estimate logic for irregular service is modified. Do not look for previous year/same month, or previous month usage. If the irregular service code is in use, estimate with ZERO usage. If the irregular service code is not in use, try to estimate using the past 6 summer/winter months (just like normal services). If this is not available, create exception (where as for normal services, we will try to use the previous month usage of same year)	6/19/2004		
CIS00000700	For system estimating delete the "multiply by 30 then divide by 30". Also change the on pk week day period for 13 hours to 12 hrs. Also, correct the number of on pk days to reflect only weekdays. Correction to estimate process. - Removed the code to multiply and divide by 30 - On-PK hrs changed from 13 to 12 - On-PK hrs used only for weekdays (changed to 5 days from 7 days) - Division factor for Res-TOU changed from 0.35 to 0.42	7/16/2004		

Smith, Janet M(H50500)

From: Janka, Cynthia J(H86891)
Sent: Thursday, November 30, 2000 7:30 AM
To: Smith, Janet M(H50500); Van Ness, Jana K(H95986)
Subject: RE: Estimating Demands

This sounds great to me; Jana?

----Original Message----
From: Smith, Janet M(H50500)
Sent: Thursday, November 30, 2000 7:03 AM
To: Van Ness, Jana K(H95986); Janka, Cynthia J(H86891)
Subject: Estimating Demands

I met with Lori and her group yesterday to discuss some estimating issues. One of the items raised was how to properly estimate a demand. After some discussion we arrived at what I believe is the best method so this is a heads up to you in case you are ever asked by the Commission.

As you know, the old system did not estimate demands. The billing consultants and associates used various methods to estimate demands when needed (it varied depending on the person doing the estimating, not the situation). Our current CIS does estimate demands. When we first converted there were numerous concerns that the demands being estimated by the system were unreasonable. Around March of 1999, the Pricing Department was asked to provide some better guidelines to IS for system estimating. Taking into consideration something that would be easy to implement and fair (actually very generous) to the customer, we decided the best way to estimate a demand is by using a load factor. We provided to IS the following guidelines which were implemented in late March early April 1999:

If the account is non-residential with an L or M meter type, or on E-34, do not estimate the demand.

If the account is residential with a C or G meter type, use a load factor of 45%.
If the account is residential with a F, J, K, or L meter type, use a 50% load factor.
If the account is non-residential with a C or G meter type, use a 60% load factor.

Yesterday's meeting brought out the fact that if a demand had to be estimated by Billing Services, there were still various methods being used. After some discussion I suggested we use the same method used by our Billing system. This would provide consistency regardless of if the estimate is being done by the system or someone in Billing Services.

As you know, the rules R14-2-210, state that when estimating we should give consideration where applicable to the customer's usage during the same month a year ago; and the amount of usage during the preceding month. These guidelines are in place for estimating kWh in the system and are also considered by Billing Services when they need to estimate kWh. I feel as long as we are using these guidelines to determine the kWh, we are fine with our methodology for determining a kW. And, as I mentioned before this will provide consistency between a system bill and "manual" bill.

I wanted to send this to the two of you first in case you wanted to discuss. If you are in agreement, then I can resend the note to Jennie and Angela, as well as Lori and Joy for documentation.

Thanks.

APS01726

Janka, Cynthia J(H86891)

From: Nelson, Joy L(H72346)
Sent: Wednesday, June 19, 2002 11:02 AM
To: Smith, Janet M(H50500)
Cc: Nair, Ravi (ZB1310); Rumolo, David J(Z80729); Van Ness, Jana K(H95986); Janka, Cynthia J (H86891); Froetscher, Patti (ZB2407)
Subject: RE: Estimating Demand

No problem. I have added this to the existing defect we have created for the incorrect estimating for 1800 rate demands. This will be included in that defect.

Thanks Janet.

-----Original Message-----
From: Smith, Janet M(H50500)
Sent: Wednesday, June 19, 2002 8:37 AM
To: Nelson, Joy L(H72346)
Cc: Nair, Ravi (ZB1310); Rumolo, David J(Z80729); Van Ness, Jana K(H95986); Janka, Cynthia J(H86891); Froetscher, Patti (ZB2407)
Subject: Estimating Demand

Joy, can you please write a defect or enhancement or whatever you guys do now and ask for a change to the load factors we currently use to estimate a demand.

Currently, we use a 50% load factor for ECT-1R, 45% for EC-1, and 60% for non-residential (for the service plans we let the system estimate).

I know there has been concern from the field that the demand being estimated by the system is too low and didn't always look right "historically." In response to these concerns and to bring the load factors more in line with recent load research data, we would like the load factors for the residential rates lowered to 35% and the load factor for non-residential lowered to 50%.

In a perfect world, and if we were designing a system from scratch, we would still support using load factor, only we would make it customer specific and have the system estimate a demand using the customer's annual load factor. Since our world isn't perfect and we aren't designing a new system, we still believe estimating demands using these average rate specific load factors is the fairest methods for all customers. is defensible to the Commission, and is easy to train to the Billing Reps so they can use the same methodology if they need to estimate a demand.

Let me know the status of this request.

Thanks.

APS01590

Nelson, Joy L(H72346)

From: Nair, Ravi (ZB1310)
Sent: Wednesday, June 19, 2002 9:39 AM
To: Nelson, Joy L(H72346)
Subject: RE: Estimating Demand

Its a 5 minute change.... It probably would be best to work it in the same defect where the demand is getting estimated incorrectly to be zeroes.

-----Original Message-----
From: Nelson, Joy L(H72346)
Sent: Wednesday, June 19, 2002 9:38 AM
To: Nair, Ravi (ZB1310)
Subject: FW: Estimating Demand

What is your thought on this?

-----Original Message-----
From: Smith, Janet M(H50500)
Sent: Wednesday, June 19, 2002 8:37 AM
To: Nelson, Joy L(H72346)
Cc: Nair, Ravi (ZB1310); Rumolo, David J(Z80729); Van Ness, Jana K(H95986); Janka, Cynthia J(H86891); Froetscher, Patti (ZB2407)
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Let me know the status of this request.

Thanks.

APS01905

Smith, Janet M(H50500)

From: Smith, Janet M(H50500)
Sent: Wednesday, June 19, 2002 8:37 AM
To: Nelson, Joy L(H72346)
Cc: Nair, Ravi (ZB1310); Rumolo, David J(Z80729); Van Ness, Jana K(H95986); Janka, Cynthia J (H86891); Froetscher, Patti (ZB2407)
Subject: Estimating Demand

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Let me know the status of this request.

Thanks.

Tracking:

Recipient	Read
Nelson, Joy L(H72346)	Read: 6/19/02 9:38 AM
Nair, Ravi (ZB1310)	Read: 6/19/02 8:40 AM
Rumolo, David J(Z80729)	Read: 6/19/02 9:02 AM
Van Ness, Jana K(H95986)	Read: 6/21/02 1:18 PM
Janka, Cynthia J(H86891)	Read: 6/19/02 8:40 AM
Froetscher, Patti (ZB2407)	Read: 6/19/02 8:38 AM

APS01746