

THIS AMENDMENT:	
_____ Passed _____	Passed as amended by _____
<b>RECEIVED</b>	_____ Not Offered _____



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AZ CORP COMMISSION **MAYES PROPOSED AMENDMENT 11**  
DOCUMENT CONTROL

TIME/DATE PREPARED: March 24, 2005

COMPANY: Arizona Public Service Company

AGENDA ITEM NO. U-1

DOCKET NO. E-01345A-03-0437

OPEN MEETING DATE: March 24  
and 28, 2005

## Amendment regarding Rate Design

Page 28, Line 14, insert NEW PARAGRAPH:

In a response (dated August 18, 2004) to a question from Commissioner Mundell regarding the break-over points for tiered rates, the parties to the Settlement Agreement indicated that rate E-12 has the most customers. The response also stated that the average use by a customer on rate E-12 is 770 kWh per month. Rate E-12 has three tiers with break-over points at 400 kWh per month and 800 kWh per month. Paragraph 57 of the Settlement Agreement requires APS to conduct a rate design study analyzing rate design modifications to promote energy efficiency, conservation, and reduce peak demand. As part of the study, we will require that one of the rate design modifications that APS shall investigate is to lower the first break-over point in rate E-12 to 350 kWh per month and lower the second break-over point to 750 kWh per month. In addition, the charge (rate) per kWh in the first tier (less than 350 kWh per month) should be lowered, while the rate for the third tier (over 750 kWh per month) should be raised. We will require that APS propose this type of rate design, or something very similar, for rate E-12 in its next rate case. We believe this type rate design, coupled with the DSM measures outlined in this order, will encourage customers, especially high-use customers, to conserve energy (thereby lowering overall demand) and/or move to time-of-use rates (thereby lowering peak demand). If APS or any party to the next APS rate case believes this type rate design would be detrimental to APS and/or its customers, that party shall provide a detailed explanation and examples as to how and why this type rate design would be detrimental.

Make conforming changes.

Arizona Corporation Commission  
**DOCKETED**

**MAR 24 2005**

DOCKETED BY	<i>CM</i>
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