

ORIGINAL

NEW APPLICATION



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BEFORE THE ARIZONA CORPORATION COMMISSION

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AZ CORP COMMISSION  
DOCUMENT CONTROL

IN THE MATTER OF THE APPLICATION  
OF ARIZONA PUBLIC SERVICE  
COMPANY FOR APPROVAL OF  
SCHEDULE 8 (BILL ESTIMATION)

DOCKET NO. E-01345A-05-0711

APPLICATION

Pursuant to Decision No. 68112 (September 9, 2005), Arizona Public Service Company ("APS" or "Company") hereby submits an Application for Approval of a new "bill estimation" service schedule, Schedule 8.<sup>1</sup> The Company requests that this new schedule not become effective until seven (7) months after its approval by the Commission, and thus action is not required within the thirty (30) day period referenced in A.R.S. Section 40-367. A copy of Schedule 8 is attached as Exhibit A.

I. BACKGROUND

On September 9, 2005 the Commission issued Decision No. 68112. In Decision No. 68112, the Commission approved a settlement in Docket Nos. E-01345A-03-0775 and E-01345A-04-0657 that contained, among other things, a methodology for estimating APS customer consumption, both kWh and kW, under a variety of circumstances. The Commission further ordered that: "APS' estimation procedures for all rates shall be governed by a bill estimation tariff that shall be consistent with the Decision in this matter and APS shall file its bill estimation tariff for Commission review within thirty days...." Decision No. 68112 at 5. Schedule 8 is being submitted pursuant to that directive.

<sup>1</sup> Although commonly referred to as "bill estimation," it is not the bill itself that is estimated but the customer usage that goes into the calculation of the bill.



1 **ORIGINAL and 13 copies of the foregoing**  
Filed this 7<sup>th</sup> day of October 2005, with:

2  
3 Docket Control  
4 Arizona Corporation Commission  
1200 West Washington  
5 Phoenix, AZ 85007

6 A COPY of the foregoing was hand-delivered  
This 7<sup>th</sup> day of October, 2005, to:

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# **EXHIBIT A**



**SCHEDULE 8  
BILL ESTIMATION**

This Schedule defines the conditions of what is considered an "estimated bill" within the meaning of Arizona Corporation Commission (ACC) regulations and the process used by the Company to estimate a read for energy (kWh) and/or demand (kW) in order to produce a Customer's monthly bill. The estimating process is applicable to both customers receiving Standard Offer service and to direct access customers receiving unbundled delivery service from the Company.

1. GENERAL

- 1.1 Estimating a read for energy (kWh) and/or demand (kW) is performed in accordance with the provisions of this Schedule or such supplemental or amendatory guidelines or regulations as may hereafter be established and as provided by law.
- 1.2 Reasons for estimating include, but are not limited to:
  - 1.2.1 Inclement weather
  - 1.2.2 Lack of access to the meter either due to conditions on the customer's premise or to road closures that prevent access to the customer's premise.
  - 1.2.3 Equipment malfunctions
  - 1.2.4 Labor unavailability
- 1.3 This Schedule shall be considered a part of all rate schedules.
- 1.4 Company is not obligated to obtain, or attempt to obtain, a customer supplied meter read prior to sending an estimated bill. In circumstances where APS has agreed in writing to permit customer supplied meter reads in accordance with ACC regulations and that customer fails to provide Company with the meter read, estimation is also allowed.
- 1.5 Estimates due to equipment malfunctions may exceed one month if the malfunction of Company owned or maintained equipment could not be reasonably discovered and/or corrected before the need for additional estimates, or if the equipment malfunction is with regard to customer owned or maintained equipment..

2. BILL ESTIMATION DEFINITION

- 2.1 The following defines certain conditions under which a bill is considered estimated and will contain estimation language on the bill.
  - 2.1.1 A bill is estimated, and then rebilled when an actual read is obtained for the same billing period. The first bill is considered an estimated bill and is coded as required. The subsequent bill is considered a corrected bill and is not coded as an estimate, but does contain "corrected bill" language.
  - 2.1.2 A meter failure or malfunction with no reliable information retained by the meter.
  - 2.1.3 Meter tampering or energy diversion results in a lack of accurate metered consumption information.
  - 2.1.4 An electronic meter reading is obtained, but the data cannot be transferred to a billing computer.



**SCHEDULE 8  
BILL ESTIMATION**

- 2.1.5 Company has a partial read for a meter (for example, the total kWh read is obtained from a time-of-use meter, but on-peak kWh and/or kW reads are unavailable) Company will use the read available, and estimate the missing read(s).
- 2.2 The following defines certain conditions under which a bill is not considered estimated:
  - 2.2.1 A bill based on an actual read, following an estimated bill. This is considered a "true-up" bill and has an explanation of "true-up" on the bill.
  - 2.2.2 Rate changes in the middle of the billing cycle.
  - 2.2.3 A meter failure or malfunction which does not prevent the meter from accurately recording customer usage or from being read.
  - 2.2.4 The meter read is not available using electronic meter reading devices, but data is obtained from a visual meter reading.
  - 2.2.5 Meter reading information is not available because the service is provided on an un-metered basis.
  - 2.2.6 Unbundled service for direct access customers is provided on the basis of load profiles in accordance with ACC regulations rather than using interval data metering.
  - 2.2.7 When Company determines a meter is misread, but the actual read on the meter at the time it was read can be determined, Company makes a manual correction to the incorrect read. This includes, but is not limited to, the following examples:
    - 2.2.7.1 A shut off read is obtained, and on the same day the monthly meter read is taken and is higher by 1 kWh. The monthly meter read is changed to the same read as the shut off read.
    - 2.2.7.2 The serviceman enters a shut off or turn on read and then calls into the office to say he entered the read for the wrong address. The correct reads are entered for the appropriate addresses.
    - 2.2.7.3 Accurate consumption information can be obtained from load research meters.

**3. ESTIMATION**

**3.1 TIME-OF-USE AND SEASONAL ESTIMATES:**

- 3.1.1 If the rate for the estimated billing period is a time-of-use rate, and sufficient time-of-use history does not exist for a premise, residential on-peak energy usage is allocated as follows:

	<u>Summer</u> <u>(May through October)</u>	<u>Winter</u> <u>(November through April)</u>
ET-1	40%	30%
ET-2	25%	16%
ECT-1R	40%	30%
ECT-2	23%	16%



**SCHEDULE 8  
BILL ESTIMATION**

- 3.1.2 Non-residential on-peak energy usage is allocated as follows:
  1. If it is the same customer, use the on-peak percentage from the same month of the prior year
  2. If the customer has changed, use the on-peak percentage from the previous month.

- 3.1.3 The months used for all rate schedules to calculate the seasonal average estimated kWh described in Section 3.3.1.1 are:
  - Summer – May through October
  - Winter – November through April

**3.2 INITIAL BILL**

An initial bill is the first bill a customer receives for a premise. This includes a brand new meter set, where no service has ever been provided, or a previously occupied premise that is now in the new connecting customer's name.

If the billing period for an initial bill is fewer than 11 days, the customer is billed only a daily basic service charge, and any energy used during this period is included in the following month's billing period usage. If the billing period is 11 or more days, the bill is estimated as follows:

- 3.2.1 ENERGY USAGE (kWh):  
If there is no usage history for the premise, a "minimum usage estimate" is multiplied by the number of days in the missing read billing period. The difference in energy used during this period and the "minimum usage" estimate is included in the following month's billing period usage. The "minimum usage" estimates are:

<u>Residential:</u>	
E-12	23 kWh per day
E-10	23 kWh per day
EC-1	55 kWh per day
ET-1 and ET-2	41 kWh per day
ECT-1R and ECT-2	66 kWh per day
<u>Non-residential:</u>	
Under 20 kW	45 kWh per day
Over 20 kW	1,156 kWh per day

If there is usage history for the premise, energy will be estimated using the applicable methodology in Section 3.3.

- 3.2.2 DEMAND (kW):  
For those accounts where the missing read period is billed on a demand rate, demand is estimated as follows:

For initial bills fewer than 11 days, no demand charge is billed.

For initial bills 11 or more days, the kW is estimated using the same hierarchy as indicated in Section 3.3.2.



3.3 OTHER THAN INITIAL BILL

3.3.1 ENERGY USAGE (kWh)

3.3.1.1 SEASONAL AVERAGE METHODOLOGY

Where there is sufficient seasonal premise history (the number of days billed in the season is between 165 and 195 days), energy is estimated by calculating the average use per day for the same season as the billing period with the 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 the billing period. Seasonal average is calculated as follows:

1. Determine the total number of days from each of the previous six same-season months to yield Seasonal Total Days.
2. Add the kWh from each of the previous six same-season months to yield 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.

3.3.1.2 EXISTING METER WITH INSUFFICIENT SEASONAL ACCOUNT HISTORY

Where there is not sufficient seasonal premise history to use the Seasonal Average Methodology, energy usage is estimated using either Previous Month Methodology or Same Month Prior Year, as applicable.

Previous Month Methodology

If the previous month is in the same season as the missing read billing period, or there is no history for the same month of the prior year, the previous month's history is used in the calculation. Estimated energy is calculated as follows:

1. Determine the number of days for the previous month's billing period.
2. Determine the kWh for the previous month's billing period.
3. Divide the previous month kWh by the previous month number of days to get Previous Month Per Day Usage.



**SCHEDULE 8  
BILL ESTIMATION**

4. Multiply the Previous Month Per Day Usage by the number of days in the missing read billing period to yield the kWh for the missing read billing period.

Same Month Prior Year Methodology

If the previous month is in a season different from the missing read billing period, then the same month from the prior year's history is used in the calculation. Estimated energy is calculated as follows:

1. Determine the number of days for the same month of the previous year's billing period.
2. Determine the kWh for the same month of the previous year's billing period.
3. Divide the previous years monthly kWh by the previous years number of days to get Same Month Prior Year Per Day Usage.
4. Multiply the Same Month Prior Year Per Day usage by the number of days in the missing read billing period to yield the kWh for the missing read billing period.

**3.3.2 DEMAND ESTIMATION**

For those accounts where the missing read period is billed on a demand rate, and the missing read billing period is not for an initial bill, demand is estimated using the following hierarchy:

1. If it is the same customer, use the prior month's demand unless that demand is for an initial or estimated bill.
2. If it is the same customer, but the prior month's customer-specific demand is an initial or estimated bill, use the customer-specific demand read from the same billing month a year ago, unless that demand is for an initial or estimated bill.
3. If it is not the same customer, or was for an initial or estimated bill, use the premise demand read for the prior month, unless that demand is for an initial or estimated bill.
4. If the prior month's premise demand is an initial or estimated bill, use the premise demand read from the same billing month of the prior year, unless that demand is for an initial or estimated bill.
5. If none of the above are applicable, apply the rate schedule load factor percentage to the kWh. The rate schedule load factor percentages are:

<u>Residential:</u>	<u>Load Factor %</u>
EC-1-	35%
ECT-1R	42%
ECT-2	46%
<u>Non-residential:</u>	
All	50%



3.4 DEAD METER

For accounts where it is determined the meter is dead or failing, no adjustment to the bill is made until the new meter is in place at least 11 days. Then, the usage for the previous months is the lower of the per day usage calculated from the new meter, less 3%, or the Same Month Prior Year Methodology described above. Charges for underbillings of dead meters will be limited to three months for residential accounts and six months for non-residential accounts, in accordance with Schedule 1 Section 4.3. In instances where company believes the customer's usage patterns were different during the dead meter period than those being used to estimate, Company may adjust its estimate downward from either methodology.

3.5 NON-CUSTOMER INFORMATION SYSTEM ESTIMATES

In some instances, an account is coded to not be automatically estimated by Company's Customer Information System. This occurs when, due to special circumstances of the account (served at substation voltage, receives a power allowance from a federal agency, self-generates some of their energy and supplements the rest of their needs with Company power, etc.) manual intervention in the billing process is required. For those accounts which are coded to not be automatically estimated by the Customer Information System, a second attempt may be made to obtain the reads. If reads are obtained, those are used for the affected billing period. If reads are not obtained, then energy and demand is estimated as outlined above, using the applicable methodology.

3.6 REBILLS OF PREVIOUS ESTIMATES

In instances where the reads from the previous month are estimated and a subsequent actual read is obtained the following "true-up" as indicated in Section 2.2.1 is performed.

3.6.1 ENERGY USAGE

If the actual read following an estimated read is either lower than the estimated read, or, in Company's opinion, considerably higher than the previously estimated read(s), then per day usage is calculated using the difference in kWh between the last actual read and the current month actual read. The per day usage is multiplied by the number of days in each estimated month and each affected month is rebilled using the new per day usage kWh.

3.6.2 DEMAND

If the actual demand read obtained after an estimate is lower than the estimated demand read, the previous month(s) estimated demand read(s) are lowered to the subsequent actual demand read, unless a redistribution of kWh allows for the estimated demand read to be lower than the subsequent actual demand read.

The estimates used in this Section take precedence over the estimating methods described in the Sections 3.2 through 3.3.