



NEW APPLICATION



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March 22, 2001

Ms. Deborah Scott
Director, Utilities Division
Arizona Corporation Commission
1200 W. Washington
Phoenix, Arizona 85007

DOCKET NO. E-01345A-01-0249

AZ CORP COMMISSION
DOCUMENT CONTROL

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RECEIVED

RE: PROPOSED NEW RATE SCHEDULE E-36

Dear Ms. Scott:

Enclosed please find a proposed new Arizona Public Service Company ("APS" or "Company") rate schedule, designated E-36, applicable to large (3MW and larger) generating facilities requiring start-up and auxiliary power (including stand-by and supplemental energy) from the Company. Although APS presently has a large partial-requirements rate schedule (E-55), it was not designed for the load characteristic of power plant station use and thus is inappropriate for these customers. Smaller partial-requirements customers, including small generating facilities, are served under E-32-R, which has proven appropriate due to its recognition of a full spectrum of load factors.

APS anticipates that E-36 would apply primarily to large merchant generating units such those being constructed by Reliant, Panda, Pinnacle West Energy, etc., but it would also be available to large QF's and distributed generators if they required startup and auxiliary power at or above the 3 MW level. Whereas Reliant's Desert Basin facility is presently undergoing startup and requested interconnection to the APS grid as of March 15, 2001, the Company is asking the Commission to approve E-36 retroactive to March 1, 2001. Since the proposed rate would be less expensive for Reliant than the only other applicable rate schedule (E-55), APS does not anticipate any opposition to such retroactive application of the new rate schedule.

Please call me if you or your staff have any questions.

Very truly yours,

Jana Van Ness

Enclosure

cc: Patrick Williams, Manager,
Compliance & Enforcement
Docket Control, (Original and 10 copies)

ELECTRIC RATES

ARIZONA PUBLIC SERVICE COMPANY
Phoenix, Arizona
Filed by: Alan Propper
Title: Director of Pricing and Regulation

A.C.C. No. 5446
Tariff or Schedule No. E-36
Original Filing
Effective: March 1, 2001

STATION USE SERVICE

AVAILABILITY

In all territory served by Company at all points where facilities of adequate capacity and the required phase and suitable voltage are adjacent to the premises served.

APPLICATION

For start-up and/or auxiliary load requirements for generation plants with a Power Supply capacity requirement of greater than 3 MW. Service must be supplied at one point of delivery and measured through one meter unless otherwise specified by individual Customer's contract. May be used in conjunction with other applicable APS rate schedules.

TYPE OF SERVICE

Three phase, 60 Hertz, at one standard voltage available within the vicinity of Customer's premises.

MONTHLY BILL

The monthly bill shall be the sum of the amounts included under A, B and C below, including any applicable adjustments:

A. Basic Service

\$6,100.00 per month Basic Service Charge; plus

B. Metering Service

1.29% of total metering cost specified in the Electric Supply Agreement between Company and Customer. This cost will be reduced to 0.35% of the metering costs specified in the Electric Supply Agreement if Customer provides all needed metering equipment and is responsible for its replacement. Customer shall also be responsible for all applicable costs associated with communications facilities used to compile metered usage information; plus

C. Power Supply Service

The monthly charge for Power Supply Service shall be the sum of sections 1 and 2 below:

- 1) T & D Capacity Rate
 - \$4.58 Per kW of Contract Power Supply Capacity for service provided at secondary distribution voltage levels (less than 12.5 kV)
 - \$4.42 Per kW of Contract Power Supply Capacity for service provided at primary distribution voltage levels (12.5 kV to below 69 kV)
 - \$1.43 Per kW of Contract Power Supply Capacity for service provided at transmission voltage levels (69 kV or higher)

2) Power Supply/Energy/Ancillary Service Charge Market price plus \$0.0005 for each kWh used

CONTRACT PERIOD

As provided in the Electric Supply Agreement between Company and Customer.

CONNECTION COSTS

Customer will pay all applicable connection costs and system improvement costs, not covered under Section B. Metering Service above or the Metering Section below, as a non-refundable aid to construction grossed-up for associated tax liability.

POWER SUPPLY CAPACITY

The amount of Power Supply Capacity shall be specified in the Electric Supply Agreement and shall be the greater of: (a) The amount of capacity (kW) reserved by Customer in the Electric Supply Agreement; or (b) The highest 15 minute measured kW supplied by APS, by voltage level, to accommodate the start-up of Customer's generation units plus any auxiliary load needed at the plant site (this includes generation auxiliary load and any other load requirements at the plant site to be provided by the Customer when the generation unit(s) are running).

At the discretion of the Company, the Customer can contract with the Company to only start-up one generation unit at a time and determine Power Supply Capacity in the following manner: The highest 15 minute measured kW supplied by APS, by voltage level, to accommodate the start-up of only one Customer generation unit at any given time plus any auxiliary load of the generator(s) (this includes generation auxiliary load and any other load requirements at the plant site to be provided by the Customer when the Customer's generation unit(s) are running).

The amount of Power Supply Capacity initially specified in the Electric Supply Agreement will be increased if, during a billing period, the highest 15 minute measured kW supplied by APS, by voltage level, exceeds the current Power Supply Capacity reservation (If additional costs are incurred for connection to provide added capacity, the Customer agrees to pay these costs as specified in the Connection Charges Section herein). Under these circumstances, the level of Power Supply Capacity, by voltage level, will be permanently increased to equal the higher capacity level measured.

DETERMINATION OF MARKET PRICE

Market price charges shall represent APS' total cost, as expressed on a per kWh basis, for system incremental power (as determined by APS or its scheduling coordinator) at the time Station Use power is being supplied to the Customer. The cost for both generation and purchased power components shall be determined by the real time operators on an hourly basis at the time the real time operator makes a decision on the source of the power supply.

METERING

The Company will normally install a Supply Meter at its point of delivery to Customer and a Generator Meter(s) at the point(s) of output from each of the Customer's generators. However, the Customer can elect to supply this metering as long as it conforms to Company specifications. All meters will record integrated demand and energy on the same 15-minute interval basis as specified by the Company.

ADJUSTMENTS

The monthly bill is also subject to the applicable proportionate part of any taxes or governmental impositions which are or may in the future be assessed on the basis of gross revenues of the Company, and/or the price or revenue from the electric energy or service and/or the volume of energy generated or purchased for sale and/or sold hereunder, and/or the volume or heat content of fuels used by the Company in the production of electric energy.

INTERCONNECTION REQUIREMENTS

The Customer must meet all interconnection requirements as determined by the Company. The Customer is responsible for all costs associated with interconnection of the Customer's generation facility to the APS system.

TERMS AND CONDITIONS

This rate schedule is subject to the Terms and Conditions for Standard Offer and Direct Access Service (Schedule #1), and/or special terms and conditions at the Company's option as provided for in any Contract or Agreement for Service with any Customer subject hereto.