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BEFORE THE ARIZONA CORPORAT

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COMMISSIONERS

JEFF HATCH-MILLER, Chairman  
WILLIAM A. MUNDELL  
MIKE GLEASON  
KRISTIN K. MAYES  
BARRY WONG

2006 DEC 22 P 4: 50

AZ CORP COMMISSION  
DOCUMENT CONTROL

IN THE MATTER OF THE  
APPLICATION OF ARIZONA PUBLIC  
SERVICE COMPANY FOR A HEARING  
TO DETERMINE THE FAIR VALUE OF  
THE UTILITY PROPERTY OF THE  
COMPANY FOR RATEMAKING  
PURPOSES, TO FIX A JUST AND  
REASONABLE RATE OF RETURN  
THEREON, TO APPROVE RATE  
SCHEDULES DESIGNED TO DEVELOP  
SUCH RETURN, AND TO AMEND  
DECISION NO. 67744

Docket No. E-01345A-05-0816

**NOTICE OF FILING OF  
LATE-FILED EXHIBIT**

Arizona Corporation Commission

**DOCKETED**

**DEC 22 2006**

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Docket No. E-01345A-05-0826

IN THE MATTER OF THE INQUIRY  
INTO THE FREQUENCY OF  
UNPLANNED OUTAGES DURING 2005  
AT PALO VERDE NUCLEAR  
GENERATING STATION, THE CAUSES  
OF THE OUTAGES, THE  
PROCUREMENT OF REPLACEMENT  
POWER AND THE IMPACT OF THE  
OUTAGES ON ARIZONA PUBLIC  
SERVICE COMPANY'S CUSTOMERS

Docket No. E-01345A-05-0827

IN THE MATTER OF THE AUDIT OF  
THE FUEL AND PURCHASED POWER  
PRACTICES AND COSTS OF THE  
ARIZONA PUBLIC SERVICE  
COMPANY

Arizona Public Service Company ("APS"), through undersigned counsel, hereby files late-filed Exhibit No. 86, Schedule Solar-3, APS' revised Total Solar Rate. Exhibit No. 86 will supersede Attachment GAD-6RB to Exhibit APS 38, Rebuttal Testimony of Gregory DeLizio. For the convenience of the Parties, APS has also attached a redlined version of GAD-6RB which identifies all changes to Schedule Solar-3.

1 RESPECTFULLY SUBMITTED this 22<sup>nd</sup> day of December, 2006.

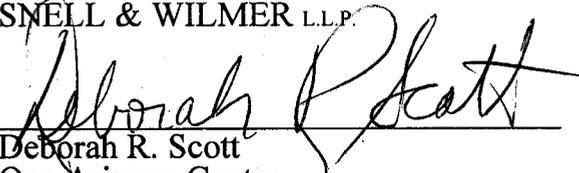
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**SCHEDULE SOLAR-3  
CLASSIFIED SERVICE  
SOLAR POWER PILOT PROGRAM**

AVAILABILITY

This rate schedule is available in all territory served by the Company at all points where facilities of adequate capacity and the required phase and suitable voltage are adjacent to the sites served. The Solar Power Pilot Program is offered as a three-year pilot program and is available to residential standard offer customers who wish to purchase electricity generated from solar sources for their homes. The Company will procure or construct new solar generation resources to support customers taking service under this Rate Schedule. The total amount of solar generation sold shall not exceed the solar resources available from these solar plants.

APPLICATION

Service under this schedule provides all or a portion of the customer's service from solar electric generating systems producing AC electricity and delivered via APS' electric power grid. All provisions of the Customer's current applicable rate schedule will apply, including the unbundled generation components as applied to the Customers total monthly energy consumption. However, the charges in Schedule EIC and Adjustment Schedule EPS-1 will not apply to the kWh served in accordance with Schedule Solar-3. The customer is required to subscribe for a minimum term of one year. Direct Access customers are not eligible for service under this rate schedule.

SERVICE CHARGES

The customer shall be charged a Solar Power Premium Rate for all Solar Power Energy (kWh) served under this rate schedule. The Solar Power Premium Rate shall be the Solar Power Price, which represents the Company's price for Solar Power used to serve this rate schedule credited for the Avoided Cost, which represents the Company's associated savings in generation costs. The Solar Power Premium Rate shall be applied to the Solar Power Energy on a monthly basis.

|                           |                        |
|---------------------------|------------------------|
| Solar Power Price:        | \$0.225 per kWh        |
| Avoided Cost Credit:      | <u>\$0.059 per kWh</u> |
| Solar Power Premium Rate: | \$0.166 per kWh        |

Solar Power Energy shall be a percentage of the customer's total monthly energy (kWh). Two options are available:

- A. Solar Power shall account for 100.0% of the customer's monthly energy.
- B. Solar Power shall account for 50.0% of the generation mix in the customer's service.

TERMS AND CONDITIONS

Subject to Company's Schedule 1, Terms and Conditions for Standard Offer and Direct Access Services, which contain provisions that may affect the customer's bill. In addition, service may be subject to special terms and conditions as provided for in a customer contract or service agreement.



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**Deleted:** utility-owned

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ARIZONA PUBLIC SERVICE COMPANY  
Phoenix, Arizona  
Filed by: David J. Rumolo  
Title: Manager, Regulation and Pricing

A.C.C. No. XXXX  
Schedule SOLAR-3  
Original  
Effective: XXXX