

ORIGINAL THIS AMENDMENT:
Passed _____ Passed as amended by _____



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REVISED MUNDELL PROPOSED AMENDMENT #2

AZ CORP COMMISSION
DOCKET CONTROL

TIME/DATE PREPARED: Tuesday, June 19, 2007

Arizona Corporation Commission

DOCKETED

JUN 19 2007

COMPANY: Arizona Public Service Co. AGENDA ITEM NO. U-1

DOCKET NO. E-01345A-05-0816 et al. OPEN MEETING DATE: June 13-19, 2007

DOCKETED BY

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~~E-01345A-05-0826~~

E-01345A-05-0827

Page 99, Line 5 INSERT:

“9. Discount for SurePay and AutoPay

In Decision No. 67744, APS was ordered to conduct a cost-benefit analysis of SurePay, its automatic payment program. As part of that analysis, APS examined the cost-effectiveness of the program and explored the possibility of offering a 1% discount to the customers who participate. In its analysis, APS also took into consideration AutoPay, the on-line version of SurePay. On October 7, 2005, APS submitted the results of its analysis.

APS calculated that it experienced operating and cost of money savings of \$0.48 per month from each SurePay or AutoPay customer, for an annual savings of approximately \$820,000 per year. APS stated that the cost savings generated by customers participating in its automatic payment programs are passed along to all APS ratepayers. APS also determined that a 1% discount to its 132,296 Residential SurePay and AutoPay customers would cost \$1,512,143 per year. This demonstrated that the cost of such a discount was significantly more than the savings.

APS stated that 14.8% of its customers participated in its automatic payment programs and that given this robust market share, offering a discount to entice customers to enroll was not needed. APS also stated that a discount was not likely to entice the majority of those customers who were not enrolled in such a program to sign up for one. The Company concluded that because every additional customer on automatic payment would produce \$0.48 per month in savings and between \$0.95 (residential) and \$6.27 (general service) per month in additional costs, that a discount would not be cost effective even if it did produce significant customer participation.

In light of the rate increases granted to APS in Decision No. 67744 (the 2005 Settlement), Decision No. 68685 (the emergency rate case), this general rate case, and the potential of further increases due to the operation of the PSA, it is appropriate to revisit this issue. Customers, both residential and general service, should be given every opportunity to mitigate the effects of these rate increases. Those customers who have been participating in an automatic payment program have been subsidizing those who do not. It is therefore appropriate to allow APS to increase its test year expenses by \$820,000 and to provide a monthly discount of \$0.48 to those customers who generate that savings by their participation in automatic payment programs. Accordingly,

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we direct APS to file, for Commission approval, a tariff reflecting this discount within 30 days of this Decision.”

Page 141, Line 20 INSERT new Finding of Fact to read:

“Those customers who have been participating in an automatic payment program have been subsidizing those who do not. It is therefore appropriate for APS to increase its test year expenses by \$820,000 and to provide a monthly discount of at least \$0.48 to those customers who generate that savings by their participation in automatic payment programs.”

Page 151, Line 9 INSERT new Ordering Paragraph to read:

“IT IS FURTHER ORDERED that, within 30 days after the effective date of this decision, Arizona Public Service Company shall file, for Commission approval, a tariff providing for a monthly discount of at least \$0.48 to be given to those customers who participate in automatic payment plans.”

Make all conforming changes.