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November 27, 2007

AZ CORP COMMISSION
DOCKET CONTROL

Docket Control
Arizona Corporation Commission
1200 West Washington Street
Phoenix, Arizona 85007

RE: Arizona Public Service Company General Rate Case
Docket Nos. E-01345A-05-0816, E-01345A-05-0826, E-01345A-05-0827

Dear Sir or Madame:

Pursuant to Decision No. 69663 (June 28, 2007), Arizona Public Service Company (APS) was required to file an E-56 partial requirements rate within 60 days of the final order and to hold meetings and receive comments pertaining to the design of the above mentioned rate. APS filed E-56 on August 28th, 2007 taking comments received into consideration. Since that time, APS has received additional comments from Arizonan's for Electric Competition and Choice (AECC) in regards to the proposed E-56. AECC's comment stated that the Company model their proposed E-56 rate after Rocky Mountain Power Schedule 31. The Company reviewed Rocky Mountain Power Schedule 31 and is not opposed to modeling E-56 after the Rocky Mountain Power Schedule. Enclosed please find a revised Rate Schedule E-56.

If you have any questions or concerns please contact Greg DeLizio at (602) 250-2704.

Sincerely,

Barbara Klemstine

BK/scc

Attachments

CC: Brian Bozzo
Ernest Johnson
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Arizona Corporation Commission
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**SCHEDULE E-56
CLASSIFIED SERVICE
PARTIAL REQUIREMENTS SERVICE**

AVAILABILITY

This rate schedule is available in all territory served by the Company at all points where facilities of adequate capacity and suitable voltage are adjacent to the premises served and when all applicable provisions described herein have been met.

APPLICATION

This rate schedule is applicable to Customers who obtain any part of their electric requirements from on-site generation equipment with a continuous nameplate rating of 100 kW or greater for other than emergency purposes requiring Supplemental and Back-up or Maintenance Power and energy from the Company. Direct access customers are not eligible for service under this rate schedule.

DEFINITIONS

1. Back-up Contract Demand - The specified demand, in kilowatts, of Back-up Power that the Customer contracts with the Company to supply and which the Company agrees to have available for delivery to the Customer. The Back-up Contract Demand shall be established by agreement between Customer and Company. The level of Back-up Contract Demand shall not exceed the total output capacity of the Customer's generation facilities.
2. Back-up Power - The kW of Back-up Contract Demand supplied by the Company to the Customer. Back-up Power shall be determined for each day of the Billing Period containing on-peak hours. The kW of Back-up Power each day shall be the kW for the fifteen (15) minute period of the Customer's greatest use of Back-up Power during the on-peak hours of the day. The Back-up Power for the Billing Period shall be the sum of the Back-up Power for each day of the Billing Period. For each fifteen minute period, Back-up Power shall equal the Measured Demand minus the Supplemental Contract Demand but shall not be less than zero nor greater than the Back-up Contract Demand.
3. Billing Period - The period of approximately thirty (30) days intervening between regular successive meter reading dates. There shall be twelve (12) billing periods per year.
4. Excess Power - Excess Power is power supplied by the Company to the Customer in excess of the Total Contract Demand. The kW of Excess Power for the Billing Period shall be the kW for the fifteen (15) minute period of the Customer's greatest use of Excess Power during the Billing Period. For each fifteen minute period, Excess Power shall equal the Measured Demand minus the Total Contract Demand but shall not be less than zero.
5. Maintenance Power - Electric power and energy made available by the Company to a Customer during the scheduled maintenance periods established in accordance with the provisions of this schedule to replace Back-up Power. Maintenance Power shall not exceed the Back-up Contract Demand.
6. Measured Demand - The fifteen (15) minute Demands (Power) in kilowatts as shown by or computed from the readings of the Power (Demand) meter located at the Company's point of delivery for on-peak and off-peak periods during the Billing Period.
7. Measured Energy - The electric energy in kilowatt-hours as shown by or computed from the readings of the kilowatt-hour meter located at the Company's point of delivery.



**SCHEDULE E-56
CLASSIFIED SERVICE
PARTIAL REQUIREMENTS SERVICE**

DEFINITIONS (cont)

8. Supplemental Contract Demand - The specified demand in kilowatts of Supplemental Power that the Customer contracts with the Company to supply and which the Company agrees to have available for delivery to the Customer. The Supplemental Contract Demand shall be established by agreement between Customer and Company.

9. Supplemental Power - The kW of Supplemental Contract Demand supplied by the Company to the Customer. The kW of Supplemental Power for the Billing Period shall be the kW for the fifteen (15) minute period of the Customer's greatest use of Supplemental Power during the Billing Period. For each fifteen minute period, Supplemental Power shall equal the Measured Demand but shall not be less than zero nor greater than the Supplemental Contract Demand.

10. Total Contract Demand - The sum of the Supplemental Contract Demand and the Back-up Contract Demand.

MONTHLY RATES

The bill shall be the sum of the amounts computed below, including any applicable adjustments:

- A. Basic Service: The Basic Service and Revenue Cycle Service Charges included in the customer's applicable General Service rate schedule will apply each month.

- B. Supplemental Power and associated Energy: Supplemental Power and associated Energy will be provided in accordance with the rate levels contained in the customer's applicable General Service rate schedule, excluding the monthly Basic Service and Revenue Cycle Service Charges.

- C. Delivery Charges: The unbundled delivery charge contained in the customer's applicable General Service rate schedule multiplied by the amount of Back-up Contract Demand.

- D. Back-up Power Charges:

Rate Schedule E-34 Customer - On-Peak:	\$ 0.4923	per kW Day
Rate Schedule E-32 Customer - On-Peak:	\$ 0.0755	per kW Day
During Scheduled Maintenance:	One Half (1/2) On-Peak Charge	
Off Peak:	No Charge	

On-Peak Periods: 9 a.m. to 9 p.m., weekdays or as reflected in the customer's otherwise applicable retail rate schedule

Off-Peak Periods: All other hours

The Power Charge for Back-up Power is billed on a per day basis and is based on the fifteen (15) minute period of the Customer's greatest use of Back-up Power during on-peak hours each on-peak day.



MONTHLY RATES (cont)

E. Excess Power Charges:

Secondary Service:	\$ 45.89	per kW
Primary Service:	\$ 43.52	per kW
Transmission Service:	\$ 31.73	per kW

F. Back-up, Maintenance and Excess Energy: All Back-up, Maintenance, and Excess Energy shall be billed in accordance with the rate levels contained in the customer's applicable General Service rate schedule.

MAINTENANCE REQUIREMENTS

Maintenance energy shall be defined as energy supplied to Customer to replace energy normally supplied by the Customer's generator(s) during an authorized Scheduled Maintenance period.

Maintenance periods shall not exceed 30 days per generation unit during any consecutive 12-month period and must be scheduled during the non-Summer billing months, as defined in the Customer's applicable general service rate schedule. Customer shall provide Company with its planned maintenance schedule 90 days in advance of any planned maintenance in order for the Company to coordinate customer's scheduled maintenance with that of the Company. Upon review, Company shall either approve customer's planned maintenance schedule or notify customer of alternate acceptable periods. Customer, in turn, shall notify the Company of an acceptable alternate maintenance period(s), and shall also confirm with the Company its intention to perform its planned maintenance 45 days prior to the actual commencement date of the planned maintenance period.

METERING

The Company will install, at the customer's expense, a bi-directional meter at the point of delivery to the customer (Supply Meter) and meter(s) at the point(s) of output from each of the customer's generators (Generator Meter). All meters will record integrated demand and energy on the same 15- minute interval basis as specified by the Company.

TOTAL CONTRACT DEMAND, SUPPLEMENTAL CONTRACT DEMAND, AND BACK-UP CONTRACT DEMAND

The Customer shall contract for Total Contract Demand. This shall be the sum of the Supplemental Contract Demand and the Back-up Contract Demand. The Customer may elect to increase Total Contract Demand by increasing Supplemental Contract Demand and/or Back-up Contract Demand prospectively at any time, provided there are facilities of adequate capacity, by providing notice to the Company. Any increase in Total Contract Demand shall establish a new Total Contract Demand which shall be in effect for the term of the contract, unless superseded by subsequent increases in Total Contract Demand.

TERMINATION PROVISION

Should Customer cease to operate his generation unit(s) for 60 consecutive days during periods other than planned scheduled maintenance periods, Company reserves the option to terminate the Agreement for service under this rate schedule with Customer.



**SCHEDULE E-56
CLASSIFIED SERVICE
PARTIAL REQUIREMENTS SERVICE**

CONTRACT PERIOD

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

UNUSUAL UTILITY OPERATING CONDITIONS

If the Company is in need of additional power requirements due to equipment failure or other unusual conditions, the Customer may provide excess generation to Company at Company's request. The Company will pay the Customer for any energy purchased at the per kWh monthly firm purchase rate which is negotiated on a case-by-case basis.

TERMS AND CONDITIONS

Customer must enter into an Agreement for Interconnection and an Electric Supply Agreement which shall establish all details related to interconnection and other required service standards. Qualifying Cogeneration and Small Power Production Facilities (QFs) meeting Public Utility Regulatory Policy Act of 1978 criteria shall be permitted to sell excess power and energy subject to the provisions and rates specified in a Purchase Supply Agreement between Company and Customer. Customers who install facilities that do not meet QF standards will not have the right to sell power and energy to Company under this rate schedule. However, should Customer desire to do so, Customer may seek to enter into a new Service Agreement which would set forth the applicable purchase rates, terms and conditions for interconnection and for the sale of excess power to the Company.