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February 29, 2008

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. 70185 (February 27, 2008), Arizona Public Service Company is filing revised service Schedule 3. Enclosed please find both redline and non-redline versions of the revised service Schedule 3. Decision No. 70185 required the revised Schedule 3 to be filed on or before March 13, 2008. This revision shall be considered effective as of February 27, 2008.

If you have any questions or concerns please contact David Rumolo at (602) 250-3933.

Sincerely,

Barbara Klemstine / sc

Barbara Klemstine

BK/tem

Attachments

CC: Ernest Johnson
Steve Olea
Lyn Farmer
Christopher Kempley
Barbara Keene
Janet Wagner
Terri Ford

Arizona Corporation Commission
DOCKETED
FEB 29 2008

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AZ CORP COMMISSION
DOCKET CONTROL

2008 FEB 29 P 4: 39

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**Redline
Version**



SERVICE SCHEDULE 3
CONDITIONS GOVERNING EXTENSIONS OF
ELECTRIC DISTRIBUTION LINES AND SERVICES

Provision of electric service from Arizona Public Service Company (Company) may require construction of new facilities or upgrades to existing facilities. Costs for construction depend on the customer's location, load size, and load characteristics. This schedule establishes the terms and conditions under which Company will extend its facilities to provide new or upgraded facilities.

All extensions shall be made in accordance with good utility construction practices, as determined by Company, and are subject to the availability of adequate capacity, voltage and Company facilities at the beginning point of an extension as determined by Company. All payments received for new or upgraded service under provisions of this schedule shall be non-refundable and treated as Miscellaneous Service Revenue.

The following policy governs the extension of overhead and underground electric facilities rated up to 21kV to customers whose requirements are deemed by Company to be usual and reasonable in nature.

DEFINITIONS

- a. Backbone Infrastructure means the electrical distribution facilities typically consisting of main three-phase feeder lines and/or cables, conduit, duct banks, manholes, switching cabinets and capacitor banks.
- b. Conduit Only Designs mean a line extension request where the developer is only requesting the conduit layout and design to serve the project. Local distribution facilities such as transformers and services will be installed at a later date when lot sales occur.
- c. Corporate Business & Industrial Developments means a tract of land which has been divided into contiguous lots in which a developer offers improved lots for sale and the purchaser of the lot is responsible for construction of buildings for commercial and/or industrial use. Separate line extensions and equipment installations may be needed to provide service to each permanent customer.
- d. High Rise Residential means residential multi-family developments built with four or more floors, usually using elevators for accessing floors.
- e. Irrigation means water pumping service. Agricultural pumping means water pumping for farms and farm-related pumping used to grow commercial crops or crop-related activity. Non-agricultural water pumping is pumping for purposes other than the growing of commercial crops, such as golf course irrigation or municipal water wells.
- f. Master Planned Community Developments means developments that consist of a number of separately subdivided parcels for different "Residential Homebuilder Subdivisions". Developments may have a variety of uses including residential, commercial, and public use facilities.
- g. Mixed Use Residential Developments means buildings that consist of both residential and commercial use, such as a high-rise building where the first level is for commercial purposes and the upper floors are residential.
- h. Residential Custom Home "Lot Sale" Developments means any tract of land that has been divided into four or more contiguous lots in which a developer offers improved lots for sale and the purchaser of the lot is responsible for construction of a residential home. Separate line extensions and equipment installations may be needed to provide service to each permanent customer.

ARIZONA PUBLIC SERVICE COMPANY
Phoenix, Arizona
Filed by: David J. Rumolo
Title: Manager, Regulation and Pricing
Original Effective Date: January 31, 1954

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Service Schedule 3
Revision No. 10
Effective: ~~XXXXXX~~February 27, 2008



SERVICE SCHEDULE 3
CONDITIONS GOVERNING EXTENSIONS OF
ELECTRIC DISTRIBUTION LINES AND SERVICES

DEFINITIONS (cont)

- i. Residential Homebuilder Subdivisions means any tract of land which has been divided into four or more contiguous lots with an average size of one acre or less in which the developer is responsible for the construction of residential homes or permanent mobile home sites.
- j. Residential Multi-family Developments means developments consisting of apartments, condominiums, or townhouse developments.
- k. Residential Single Family means a house, or a mobile home permanently affixed to a lot or site.

1.0 RESIDENTIAL

1.1 SINGLE FAMILY HOMES

Residential extensions will be made to new permanent residential customers or groups of new permanent residential customers. For purposes of this section, a "group" shall be defined as less than four homes. All estimated costs of extending service to applicant, as determined by Company, including backbone infrastructure costs, shall be paid by the applicant prior to the Company extending facilities. Payment is due at the time the extension agreement is executed.

1.2 RESIDENTIAL HOMEBUILDER SUBDIVISIONS

Extensions will be made to residential subdivision developments of four or more homes in advance of application for service by permanent customers provided the applicant(s) signs an extension agreement. All estimated costs of extending service to applicant, as determined by Company, including backbone infrastructure costs, shall be paid by the applicant prior to the Company extending facilities. Payment is due at the time the extension agreement is executed.

1.3 RESIDENTIAL CUSTOM HOME "LOT SALE" DEVELOPMENTS

- 1.3.1 Extensions will be made to residential "lot sale" custom home developments in advance of application for service by permanent customers, provided the applicant(s) sign an extension agreement. All estimated costs of extending service to applicant, as determined by Company, including backbone infrastructure costs, shall be paid by the applicant prior to the Company extending facilities.
- 1.3.2 Payment is due at the time the extension agreement is executed.
- 1.3.3 Line extensions and/or equipment installations will be made for each permanent customer upon request for service in accordance with Section 1.1 of this service schedule.
- 1.3.4 Company will provide "conduit only" designs provided applicant makes a payment in the amount equal to the estimated cost of the preparation of the design, in addition to the costs for any materials, field survey and inspections that may be required.

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ELECTRIC DISTRIBUTION LINES AND SERVICES

1.4 MASTER PLANNED COMMUNITY DEVELOPMENTS

1.4.1 Extensions will be made to Master Planned Community Developments in advance of application for service by permanent customers, provided the applicant signs an extension agreement. All estimated costs of extending service to applicant, as determined by Company, including backbone infrastructure costs, shall be paid by the applicant prior to the Company extending facilities. Payment is due at the time the extension agreement is executed.

1.4.2 Line extensions and equipment installations will be made for each residential subdivision within the planned development in advance of application for service by permanent customers in accordance with Section 1.2 of this Service Schedule.

1.5 RESIDENTIAL MULTI-FAMILY DEVELOPMENTS

Extensions will be made to multi-family apartment, condominium or townhouse developments in advance of application for service by permanent customers provided the applicant signs an extension agreement. All estimated costs of extending service to applicant, as determined by Company, including backbone infrastructure costs, shall be paid by the applicant prior to the Company extending facilities. Payment is due at the time the extension agreement is executed.

1.6 HIGH RISE AND MIXED USE RESIDENTIAL DEVELOPMENTS

1.6.1 Extensions will be made to High Rise and Mixed Use Residential Developments where the residential units are privately owned and either individually metered or master metered in accordance with Section 5.11.

1.6.2 In general, APS will provide service to these type of developments at one point of delivery and it is the applicant's responsibility to provide and maintain the electrical distribution facilities within the building.

1.6.3 Extensions will be made to High Rise and Mixed Use Residential Developments in advance of application for service by permanent customers provided the applicant signs an extension agreement. All estimated costs of extending service to applicant, as determined by Company, including backbone infrastructure costs, shall be paid by the applicant prior to the Company extending facilities. Payment is due at the time the extension agreement is executed.

2.0 NON-RESIDENTIAL

General service line extensions and equipment installations will be made to all applicants not meeting the definition of Residential or as provided for in Section 2.1, or Section 3.0 of this Schedule. All estimated costs of extending service to applicant, as determined by Company, including backbone infrastructure costs, shall be paid by the applicant prior to the Company extending facilities. Payment is due at the time the extension agreement is executed.



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2.1 CORPORATE BUSINESS & INDUSTRIAL PARK DEVELOPMENTS

2.1.1 Extensions will be made to Corporate Business & Industrial Park Developments in advance of application for service by permanent customers provided the applicant signs an extension agreement. All estimated costs of extending service to applicant, as determined by Company, including backbone infrastructure costs, shall be paid by the applicant prior to the Company extending facilities. Payment is due at the time the extension agreement is executed.

2.1.2 Extensions will be made to individual customers within the Corporate and Business Park Development in accordance with the applicable sections of this Service Schedule.

3.0 OTHER CONDITIONS

3.1 IRRIGATION CUSTOMERS

Extensions will be made to Irrigation Customers provided the applicant signs an extension agreement. All estimated costs of extending service to applicant, as determined by Company, including backbone infrastructure costs, shall be paid by the applicant prior to the Company extending facilities. Payment is due at the time the extension agreement is executed. Non-agricultural irrigation pumping service to permanent customers will be extended as specified in Section 2. Non-agricultural irrigation pumping service to temporary or doubtful permanency customers will be extended as specified in Section 3.2 or 3.3 below, as applicable.

3.2 TEMPORARY CUSTOMERS

Where a temporary meter or construction is required to provide service to the customer, the customer shall make a payment in advance of installation or construction equal to the cost of installing and removing the facilities required to furnish service, less the salvage value of such facilities. When the use of service is discontinued or agreement for service is terminated, Company may dismantle its facilities and the materials and equipment provided by Company will be salvaged and remain Company property.

3.3 DOUBTFUL PERMANENCY CUSTOMERS

When, in the opinion of Company, permanency of the customer's residence or operation is doubtful, the customer will be required to pay the total estimated construction cost.

4.0 UNDERGROUND CONSTRUCTION

4.1 GENERAL UNDERGROUND CONSTRUCTION POLICY - With respect to all underground installations, Company may install underground facilities only if all of the following conditions are met:

4.1.1 The extension meets all requirements as specified in Sections 1.0, 2.0, or 3.0.

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SERVICE SCHEDULE 3
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ELECTRIC DISTRIBUTION LINES AND SERVICES

- 4.1.2 The customer or applicant(s) provides all earthwork including, but not limited to, trenching, boring or punching, backfill, compaction, and surface restoration in accordance with Company specifications.
- 4.1.3 The customer or applicant(s) provides installation of equipment pads, pull-boxes, manholes, and conduits as required in accordance with Company specifications.
- 4.1.4 In lieu of customer or applicant(s) providing these services and equipment, the company may provide and the customer or applicant(s) will make a payment equal to the cost of such work plus any administrative or inspection fees incurred by Company. Customers or applicants electing this option will be required to sign an agreement indemnifying and holding APS harmless against claims, liabilities, losses or damage (Claims) asserted by a person or entity other than APS' contractors, which Claims arise out of the trenching and conduit placement, provided the claims are not attributable to APS' gross negligence or intentional misconduct.

5.0 GENERAL CONDITIONS

5.1 VOLTAGE

All extensions will be designed and constructed for operation at standard voltages used by Company in the area in which the extension is located. Company may deliver service for special applications of higher voltages with prior approval from Company's Engineering Department, applicant will be required to pay the costs of any required studies.

5.2 POINT OF DELIVERY

- 5.2.1 For overhead service, the point of delivery shall be where Company's service conductors terminate at the customer's weatherhead or bus riser.
- 5.2.2 For underground service, the point of delivery shall be where Company's service conductors terminate in the customer's or development's service equipment. The customer shall furnish, install and maintain any risers, raceways and/or termination cabinets necessary for the installation of Company's underground service conductors.
- 5.2.3 For special applications where service is provided at voltages higher than the standard voltages specified in the Electric Service Requirements Manual, APS and customer shall mutually agree upon the designated point of delivery.

5.3 THREE PHASE

Extensions for three-phase service can be made under this extension policy where the customer has installed major three-phase equipment. Motors with a name-plate rating of 7-1/2 HP or more or single air conditioning units of 6 tons or more or where total horsepower of all connected three phase motors exceeds 12 HP or total load exceeding 100 kVA demand shall qualify for three phase service.



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5.4 EASEMENTS

All suitable easements or rights-of-way required by Company for any portion of the extension which is either on premises owned, leased or otherwise controlled by the customer or developer, or other property required for the extension, shall be furnished in Company's name by the customer without cost to or condemnation by Company and in reasonable time to meet proposed service requirements. All easements or rights-of-way obtained on behalf of Company shall contain such terms and conditions as are acceptable to Company.

5.5 GRADE MODIFICATIONS

If subsequent to construction of electric distribution lines and services, the final grade established by the customer or developer is changed in such a way as to require relocation of Company facilities or the customer's actions or those of his contractor results in damage to such facilities, the cost of relocation and/or resulting repairs shall be borne by customer or developer.

5.6 OWNERSHIP

Except for customer-owned facilities, all electric facilities installed in accordance with this Service Schedule will be owned, operated and maintained by Company.

5.7 MEASUREMENT AND LOCATION

- 5.7.1 Measurement must be along the proposed route of construction.
- 5.7.2 Construction will be on public streets, roadways, highways, or easements acceptable to Company.
- 5.7.3 The extension must be a branch from, the continuation of, or an addition to, one of Company's existing distribution lines.

5.8 UNUSUAL CIRCUMSTANCES

In unusual circumstances as determined by Company, when the application and provisions of this policy appear impractical, or in case of extension of lines to be operated on voltages other than specified in the applicable rate schedule, or when customer's estimated load will exceed 3,000 kW, Company will make a special study of the conditions to determine the basis on which service may be provided. Additionally, Company may require special contract arrangements as provided for in Section 1.1 of Company's Schedule 1, Terms and Conditions for Standard Offer and Direct Access Service.

5.9 ABNORMAL LOADS

Company, at its option, may make extensions to serve certain abnormal loads (such as: transformer-type welders, x-ray machines, wind machines, excess capacity for test purposes and loads of unusual characteristics) and the costs of any distribution system modifications or enhancements required to serve the customer will be included in the payment described in previous sections of this Service Schedule.



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5.10 RELOCATIONS AND/OR CONVERSIONS

- 5.10.1 Company will relocate or convert its facilities for the customer's convenience or aesthetics. The estimated cost of relocation or conversion as determined by the Company will be included in the payment described in previous sections of this Service Schedule.
- 5.10.2 When the relocation of Company facilities involve "prior rights" conditions, the customer will be required to make payment equal to the total cost of relocation.

5.11 MASTER METERING

- 5.11.1 Mobile Home Parks - Company shall refuse service to all new construction and/or expansion of existing permanent residential mobile home parks unless the construction and/or expansion is individually metered by Company.
- 5.11.2 Residential Apartment Complexes, Condominiums - Company shall refuse service to all new construction of apartment complexes and condominiums which are master metered unless the builder or developer can demonstrate that the installation meets the provisions of R14-2-205 of the Corporation Commission's Rules and Regulations or the requirements discussed in 5.11.3 below. This section is not applicable to Senior Care/Nursing Centers registered with the State of Arizona with independent living units which provide packaged services such as housing, food, and nursing care.
- 5.11.3 Multi-Unit Residential Developments - Company will allow master metering for residential units where the residential units are privately owned provided the building will be served by a centralized heating, ventilation and/or air conditioning system, and each residential unit shall be individually sub-metered and responsible for energy consumption of that unit.
 - 5.11.3.1 Sub-metering shall be provided and maintained by the builder or homeowners association.
 - 5.11.3.2 Responsibility and methodology for determining each unit's energy billing shall be clearly specified in the original bylaws of the homeowners association, a copy of which must be provided to Company prior to Company providing the initial extension.
- 5.11.4 Company will convert its facilities from master metered system to a permanent individually metered system at the customer's request provided the customer makes a payment equal to the residual value plus the removal costs less salvage of the master meter facilities to be removed. The new facilities to serve the individual meters will be extended on the basis specified in Section 1. Applicant is responsible for all costs related to the installation of new service entrance equipment.

5.12 CHANGE IN CUSTOMER'S SERVICE REQUIREMENTS

Company will rebuild or revamp existing facilities to meet the customer's added load or change in service requirements on the basis specified in Section 2.0 or 3.0.

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5.13 STUDY AND DESIGN PAYMENT

Any applicant requesting Company to prepare special studies or detailed plans, specifications, or cost estimates will be required to make a payment to Company an amount equal to the estimated cost of preparation. Where the applicant authorizes Company to proceed with construction of the extension, the payment shall be credited to the cost of the extension otherwise the payment shall be nonrefundable. Company will prepare, without charge, a preliminary sketch and rough estimate of the cost to be paid by the customer for a line extension upon request.

5.14 SETTLEMENT OF DISPUTES

Any dispute between the customer or prospective customer and Company regarding the interpretation of these "Conditions Governing Extensions of Electric Distribution Lines and Services" may, by either party, be referred to the Arizona Corporation Commission or a designated representative or employee thereof for determination.

5.15 EXTENSION AGREEMENTS

All line extensions or equipment upgrades requiring payment by the customer shall be in writing and signed by both the customer and Company.

5.16 ADDITIONAL PRIMARY FEED

When specifically requested by the customer to provide an alternate primary feed (excluding transformation), Company will perform a special study to determine the request's feasibility and the customer may be required to pay for the added cost as well as the applicable rate for the additional feed requested.

5.17 POLICY EXCEPTION

The Schedule 3 as stated herein is applicable to all customers unless specific exemptions are approved by the Arizona Corporation Commission. The following exemptions have been approved:

5.17.1 Residential Homes on Native American Land

Extensions for residential homes on Native American Reservations will be made in accordance with the provisions of Service Schedule 3 that was in effect April 1, 2005 through June 31, 2007. Application of this Section 5.17.1 is limited to Native American Reservations as defined by applicable Federal law.

5.17.2 Existing Line Extension Agreements

All applicants who have executed line extension agreements as of February 27, 2008 will be



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"grandfathered" into the Schedule 3 in effect at the time the agreement was executed.

5.17.3 Transition Plan

Applicants that have not executed a line extension agreement, will be provided extensions in accordance with the provisions of Service Schedule 3 that was in effect July 1, 2007 through February 26, 2008, if they meet both of the following conditions:

1. Such applicant has received from APS, within six months prior to February 27, 2008, a written estimate of the costs to the applicant for extending service (i.e. received an estimate during the period August 27, 2007 and February 27, 2008); and
2. That same applicant executes a written line extension agreement within twelve (12) months of February 27, 2008 (i.e. no later than February 27, 2009).

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**Non-Redline
Version**



SERVICE SCHEDULE 3
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ELECTRIC DISTRIBUTION LINES AND SERVICES

Provision of electric service from Arizona Public Service Company (Company) may require construction of new facilities or upgrades to existing facilities. Costs for construction depend on the customer's location, load size, and load characteristics. This schedule establishes the terms and conditions under which Company will extend its facilities to provide new or upgraded facilities.

All extensions shall be made in accordance with good utility construction practices, as determined by Company, and are subject to the availability of adequate capacity, voltage and Company facilities at the beginning point of an extension as determined by Company. All payments received for new or upgraded service under provisions of this schedule shall be non-refundable.

The following policy governs the extension of overhead and underground electric facilities rated up to 21kV to customers whose requirements are deemed by Company to be usual and reasonable in nature.

DEFINITIONS

- a. Backbone Infrastructure means the electrical distribution facilities typically consisting of main three-phase feeder lines and/or cables, conduit, duct banks, manholes, switching cabinets and capacitor banks.
- b. Conduit Only Designs mean a line extension request where the developer is only requesting the conduit layout and design to serve the project. Local distribution facilities such as transformers and services will be installed at a later date when lot sales occur.
- c. Corporate Business & Industrial Developments means a tract of land which has been divided into contiguous lots in which a developer offers improved lots for sale and the purchaser of the lot is responsible for construction of buildings for commercial and/or industrial use. Separate line extensions and equipment installations may be needed to provide service to each permanent customer.
- d. High Rise Residential means residential multi-family developments built with four or more floors, usually using elevators for accessing floors.
- e. Irrigation means water pumping service. Agricultural pumping means water pumping for farms and farm-related pumping used to grow commercial crops or crop-related activity. Non-agricultural water pumping is pumping for purposes other than the growing of commercial crops, such as golf course irrigation or municipal water wells.
- f. Master Planned Community Developments means developments that consist of a number of separately subdivided parcels for different "Residential Homebuilder Subdivisions". Developments may have a variety of uses including residential, commercial, and public use facilities.
- g. Mixed Use Residential Developments means buildings that consist of both residential and commercial use, such as a high-rise building where the first level is for commercial purposes and the upper floors are residential.
- h. Residential Custom Home "Lot Sale" Developments means any tract of land that has been divided into four or more contiguous lots in which a developer offers improved lots for sale and the purchaser of the lot is responsible for construction of a residential home. Separate line extensions and equipment installations may be needed to provide service to each permanent customer.



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DEFINITIONS (cont)

- i. Residential Homebuilder Subdivisions means any tract of land which has been divided into four or more contiguous lots with an average size of one acre or less in which the developer is responsible for the construction of residential homes or permanent mobile home sites.
- j. Residential Multi-family Developments means developments consisting of apartments, condominiums, or townhouse developments.
- k. Residential Single Family means a house, or a mobile home permanently affixed to a lot or site.

1.0 RESIDENTIAL

1.1 SINGLE FAMILY HOMES

Residential extensions will be made to new permanent residential customers or groups of new permanent residential customers. For purposes of this section, a "group" shall be defined as less than four homes. All estimated costs of extending service to applicant, as determined by Company, including backbone infrastructure costs, shall be paid by the applicant prior to the Company extending facilities. Payment is due at the time the extension agreement is executed.

1.2 RESIDENTIAL HOMEBUILDER SUBDIVISIONS

Extensions will be made to residential subdivision developments of four or more homes in advance of application for service by permanent customers provided the applicant(s) signs an extension agreement. All estimated costs of extending service to applicant, as determined by Company, including backbone infrastructure costs, shall be paid by the applicant prior to the Company extending facilities. Payment is due at the time the extension agreement is executed.

1.3 RESIDENTIAL CUSTOM HOME "LOT SALE" DEVELOPMENTS

- 1.3.1 Extensions will be made to residential "lot sale" custom home developments in advance of application for service by permanent customers, provided the applicant(s) sign an extension agreement. All estimated costs of extending service to applicant, as determined by Company, including backbone infrastructure costs, shall be paid by the applicant prior to the Company extending facilities.
- 1.3.2 Payment is due at the time the extension agreement is executed.
- 1.3.3 Line extensions and/or equipment installations will be made for each permanent customer upon request for service in accordance with Section 1.1 of this service schedule.
- 1.3.4 Company will provide "conduit only" designs provided applicant makes a payment in the amount equal to the estimated cost of the preparation of the design, in addition to the costs for any materials, field survey and inspections that may be required.



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CONDITIONS GOVERNING EXTENSIONS OF
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1.4 MASTER PLANNED COMMUNITY DEVELOPMENTS

1.4.1 Extensions will be made to Master Planned Community Developments in advance of application for service by permanent customers, provided the applicant signs an extension agreement. All estimated costs of extending service to applicant, as determined by Company, including backbone infrastructure costs, shall be paid by the applicant prior to the Company extending facilities. Payment is due at the time the extension agreement is executed.

1.4.2 Line extensions and equipment installations will be made for each residential subdivision within the planned development in advance of application for service by permanent customers in accordance with Section 1.2 of this Service Schedule.

1.5 RESIDENTIAL MULTI-FAMILY DEVELOPMENTS

Extensions will be made to multi-family apartment, condominium or townhouse developments in advance of application for service by permanent customers provided the applicant signs an extension agreement. All estimated costs of extending service to applicant, as determined by Company, including backbone infrastructure costs, shall be paid by the applicant prior to the Company extending facilities. Payment is due at the time the extension agreement is executed.

1.6 HIGH RISE AND MIXED USE RESIDENTIAL DEVELOPMENTS

1.6.1 Extensions will be made to High Rise and Mixed Use Residential Developments where the residential units are privately owned and either individually metered or master metered in accordance with Section 5.11.

1.6.2 In general, APS will provide service to these type of developments at one point of delivery and it is the applicant's responsibility to provide and maintain the electrical distribution facilities within the building.

1.6.3 Extensions will be made to High Rise and Mixed Use Residential Developments in advance of application for service by permanent customers provided the applicant signs an extension agreement. All estimated costs of extending service to applicant, as determined by Company, including backbone infrastructure costs, shall be paid by the applicant prior to the Company extending facilities. Payment is due at the time the extension agreement is executed.

2.0 NON-RESIDENTIAL

General service line extensions and equipment installations will be made to all applicants not meeting the definition of Residential or as provided for in Section 2.1, or Section 3.0 of this Schedule. All estimated costs of extending service to applicant, as determined by Company, including backbone infrastructure costs, shall be paid by the applicant prior to the Company extending facilities. Payment is due at the time the extension agreement is executed.



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2.1 CORPORATE BUSINESS & INDUSTRIAL PARK DEVELOPMENTS

2.1.1 Extensions will be made to Corporate Business & Industrial Park Developments in advance of application for service by permanent customers provided the applicant signs an extension agreement. All estimated costs of extending service to applicant, as determined by Company, including backbone infrastructure costs, shall be paid by the applicant prior to the Company extending facilities. Payment is due at the time the extension agreement is executed.

2.1.2 Extensions will be made to individual customers within the Corporate and Business Park Development in accordance with the applicable sections of this Service Schedule.

3.0 OTHER CONDITIONS

3.1 IRRIGATION CUSTOMERS

Extensions will be made to Irrigation Customers provided the applicant signs an extension agreement. All estimated costs of extending service to applicant, as determined by Company, including backbone infrastructure costs, shall be paid by the applicant prior to the Company extending facilities. Payment is due at the time the extension agreement is executed. Non-agricultural irrigation pumping service to permanent customers will be extended as specified in Section 2. Non-agricultural irrigation pumping service to temporary or doubtful permanency customers will be extended as specified in Section 3.2 or 3.3 below, as applicable.

3.2 TEMPORARY CUSTOMERS

Where a temporary meter or construction is required to provide service to the customer, the customer shall make a payment in advance of installation or construction equal to the cost of installing and removing the facilities required to furnish service, less the salvage value of such facilities. When the use of service is discontinued or agreement for service is terminated, Company may dismantle its facilities and the materials and equipment provided by Company will be salvaged and remain Company property.

3.3 DOUBTFUL PERMANENCY CUSTOMERS

When, in the opinion of Company, permanency of the customer's residence or operation is doubtful, the customer will be required to pay the total estimated construction cost.

4.0 UNDERGROUND CONSTRUCTION

4.1 GENERAL UNDERGROUND CONSTRUCTION POLICY - With respect to all underground installations, Company may install underground facilities only if all of the following conditions are met:

4.1.1 The extension meets all requirements as specified in Sections 1.0, 2.0, or 3.0.



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- 4.1.2 The customer or applicant(s) provides all earthwork including, but not limited to, trenching, boring or punching, backfill, compaction, and surface restoration in accordance with Company specifications.
- 4.1.3 The customer or applicant(s) provides installation of equipment pads, pull-boxes, manholes, and conduits as required in accordance with Company specifications.
- 4.1.4 In lieu of customer or applicant(s) providing these services and equipment, the company may provide and the customer or applicant(s) will make a payment equal to the cost of such work plus any administrative or inspection fees incurred by Company. Customers or applicants electing this option will be required to sign an agreement indemnifying and holding APS harmless against claims, liabilities, losses or damage (Claims) asserted by a person or entity other than APS' contractors, which Claims arise out of the trenching and conduit placement, provided the claims are not attributable to APS' gross negligence or intentional misconduct.

5.0 GENERAL CONDITIONS

5.1 VOLTAGE

All extensions will be designed and constructed for operation at standard voltages used by Company in the area in which the extension is located. Company may deliver service for special applications of higher voltages with prior approval from Company's Engineering Department, applicant will be required to pay the costs of any required studies.

5.2 POINT OF DELIVERY

- 5.2.1 For overhead service, the point of delivery shall be where Company's service conductors terminate at the customer's weatherhead or bus riser.
- 5.2.2 For underground service, the point of delivery shall be where Company's service conductors terminate in the customer's or development's service equipment. The customer shall furnish, install and maintain any risers, raceways and/or termination cabinets necessary for the installation of Company's underground service conductors.
- 5.2.3 For special applications where service is provided at voltages higher than the standard voltages specified in the Electric Service Requirements Manual, APS and customer shall mutually agree upon the designated point of delivery.

5.3 THREE PHASE

Extensions for three-phase service can be made under this extension policy where the customer has installed major three-phase equipment. Motors with a name-plate rating of 7-1/2 HP or more or single air conditioning units of 6 tons or more or where total horsepower of all connected three phase motors exceeds 12 HP or total load exceeding 100 kVA demand shall qualify for three phase service.



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5.4 EASEMENTS

All suitable easements or rights-of-way required by Company for any portion of the extension which is either on premises owned, leased or otherwise controlled by the customer or developer, or other property required for the extension, shall be furnished in Company's name by the customer without cost to or condemnation by Company and in reasonable time to meet proposed service requirements. All easements or rights-of-way obtained on behalf of Company shall contain such terms and conditions as are acceptable to Company.

5.5 GRADE MODIFICATIONS

If subsequent to construction of electric distribution lines and services, the final grade established by the customer or developer is changed in such a way as to require relocation of Company facilities or the customer's actions or those of his contractor results in damage to such facilities, the cost of relocation and/or resulting repairs shall be borne by customer or developer.

5.6 OWNERSHIP

Except for customer-owned facilities, all electric facilities installed in accordance with this Service Schedule will be owned, operated and maintained by Company.

5.7 MEASUREMENT AND LOCATION

- 5.7.1 Measurement must be along the proposed route of construction.
- 5.7.2 Construction will be on public streets, roadways, highways, or easements acceptable to Company.
- 5.7.3 The extension must be a branch from, the continuation of, or an addition to, one of Company's existing distribution lines.

5.8 UNUSUAL CIRCUMSTANCES

In unusual circumstances as determined by Company, when the application and provisions of this policy appear impractical, or in case of extension of lines to be operated on voltages other than specified in the applicable rate schedule, or when customer's estimated load will exceed 3,000 kW, Company will make a special study of the conditions to determine the basis on which service may be provided. Additionally, Company may require special contract arrangements as provided for in Section 1.1 of Company's Schedule 1, Terms and Conditions for Standard Offer and Direct Access Service.

5.9 ABNORMAL LOADS

Company, at its option, may make extensions to serve certain abnormal loads (such as: transformer-type welders, x-ray machines, wind machines, excess capacity for test purposes and loads of unusual characteristics) and the costs of any distribution system modifications or enhancements required to serve the customer will be included in the payment described in previous sections of this Service Schedule.



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5.10 RELOCATIONS AND/OR CONVERSIONS

- 5.10.1 Company will relocate or convert its facilities for the customer's convenience or aesthetics. The estimated cost of relocation or conversion as determined by the Company will be included in the payment described in previous sections of this Service Schedule.
- 5.10.2 When the relocation of Company facilities involve "prior rights" conditions, the customer will be required to make payment equal to the total cost of relocation.

5.11 MASTER METERING

- 5.11.1 Mobile Home Parks - Company shall refuse service to all new construction and/or expansion of existing permanent residential mobile home parks unless the construction and/or expansion is individually metered by Company.
- 5.11.2 Residential Apartment Complexes, Condominiums - Company shall refuse service to all new construction of apartment complexes and condominiums which are master metered unless the builder or developer can demonstrate that the installation meets the provisions of R14-2-205 of the Corporation Commission's Rules and Regulations or the requirements discussed in 5.11.3 below. This section is not applicable to Senior Care/Nursing Centers registered with the State of Arizona with independent living units which provide packaged services such as housing, food, and nursing care.
- 5.11.3 Multi-Unit Residential Developments - Company will allow master metering for residential units where the residential units are privately owned provided the building will be served by a centralized heating, ventilation and/or air conditioning system, and each residential unit shall be individually sub-metered and responsible for energy consumption of that unit.
- 5.11.3.1 Sub-metering shall be provided and maintained by the builder or homeowners association.
- 5.11.3.2 Responsibility and methodology for determining each unit's energy billing shall be clearly specified in the original bylaws of the homeowners association, a copy of which must be provided to Company prior to Company providing the initial extension.
- 5.11.4 Company will convert its facilities from master metered system to a permanent individually metered system at the customer's request provided the customer makes a payment equal to the residual value plus the removal costs less salvage of the master meter facilities to be removed. The new facilities to serve the individual meters will be extended on the basis specified in Section 1. Applicant is responsible for all costs related to the installation of new service entrance equipment.

5.12 CHANGE IN CUSTOMER'S SERVICE REQUIREMENTS

Company will rebuild or revamp existing facilities to meet the customer's added load or change in service requirements on the basis specified in Section 2.0 or 3.0.



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5.13 STUDY AND DESIGN PAYMENT

Any applicant requesting Company to prepare special studies or detailed plans, specifications, or cost estimates will be required to make a payment to Company an amount equal to the estimated cost of preparation. Where the applicant authorizes Company to proceed with construction of the extension, the payment shall be credited to the cost of the extension otherwise the payment shall be nonrefundable. Company will prepare, without charge, a preliminary sketch and rough estimate of the cost to be paid by the customer for a line extension upon request.

5.14 SETTLEMENT OF DISPUTES

Any dispute between the customer or prospective customer and Company regarding the interpretation of these "Conditions Governing Extensions of Electric Distribution Lines and Services" may, by either party, be referred to the Arizona Corporation Commission or a designated representative or employee thereof for determination.

5.15 EXTENSION AGREEMENTS

All line extensions or equipment upgrades requiring payment by the customer shall be in writing and signed by both the customer and Company.

5.16 ADDITIONAL PRIMARY FEED

When specifically requested by the customer to provide an alternate primary feed (excluding transformation), Company will perform a special study to determine the request's feasibility and the customer may be required to pay for the added cost as well as the applicable rate for the additional feed requested.

5.17 POLICY EXCEPTION

The Schedule 3 as stated herein is applicable to all customers unless specific exemptions are approved by the Arizona Corporation Commission. The following exemptions have been approved:

5.17.1 Residential Homes on Native American Land

Extensions for residential homes on Native American Reservations will be made in accordance with the provisions of Service Schedule 3 that was in effect April 1, 2005 through June 31, 2007. Application of this Section 5.17.1 is limited to Native American Reservations as defined by applicable Federal law.

5.17.2 Existing Line Extension Agreements

All applicants who have executed line extension agreements as of February 27, 2008 will be "grandfathered" into the Schedule 3 in effect at the time the agreement was executed.



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5.17.3 Transition Plan

Applicants that have not executed a line extension agreement, will be provided extensions in accordance with the provisions of Service Schedule 3 that was in effect July 1, 2007 through February 26, 2008, if they meet both of the following conditions:

1. Such applicant has received from APS, within six months prior to February 27, 2008, a written estimate of the costs to the applicant for extending service (i.e. received an estimate during the period August 27, 2007 and February 27, 2008); and
2. That same applicant executes a written line extension agreement within twelve (12) months of February 27, 2008 (i.e. no later than February 27, 2009).