

# NEW APPLICATION



A subsidiary of Pinnacle West Capital Corporation



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Barbara A. Klemstine  
Director,  
Regulation & Pricing

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Tel: (602) 250-4563

Fax: (602) 250-3003

e-mail:

Barbara.Klemstine@aps.com

Mail Station 9708

P.O. Box 53999

Phoenix, AZ 85072-3999

AZ CORP COMMISSION  
DOCKET CONTROL

ORIGINAL

July 17, 2008

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

E-01345A-08-0365

Arizona Corporation Commission  
**DOCKETED**

JUL 17 2008

Re: Proposed Preference Power Rider Schedule PPR  
Docket No. E-01345-08\_\_\_\_\_

DOCKETED BY nr

Dear Sir or Madam:

The Western Area Power Administration ("WAPA"), an agency of the United States Department of Energy with the responsibility for marketing power produced at federal hydro electric facilities, has allocated preference power to Arizona entities, including municipalities, that previously have not received any preference power. Arizona Public Service Company ("APS" or "Company") has developed a new rate rider to enable entities to take advantage of the preference power. There are two municipal entities in the APS service territory that have received a 1 MW allocation from the current WAPA marketing plan for which the power deliveries are scheduled to begin on October 1, 2008.

Attached for Arizona Corporation Commission ("ACC") approval, please find a proposed new APS Preference Power Rider Schedule PPR. This new rider is applicable to Standard Offer customers who receive a Firm Electric Service allocation of preference power from WAPA. The new rider may be used in conjunction with all non-residential rate schedules having unbundled charges. Also attached is an example of the "Electrical Supply Agreement for Customers" with "Preference Power" that will be entered into with customers. The Company is not requesting ACC approval of the standard agreement but is including it for illustrative purposes.

A customer receiving preference power would continue to receive service under its current applicable rate schedule. The Company would provide service for a customer's total demand and energy usage under that existing rate schedule. The rider would be used in conjunction with that rate schedule to allow the customer to receive a subtraction from total demand and energy usage equal to the preference power allocated to the customer by WAPA and received by APS, reduced for electrical losses incurred in the delivery of the preference power to the customer's site. This preference power subtraction would be applied to the customer's unbundled generation charges in the existing rate schedule as well as to charges in Adjustment Schedule PSA-1 and Adjustment Schedule EIS. All other charges in the customer's existing rate schedule and any other applicable adjustment schedules will be applied to the total energy or total demand, as required. The attached rider details how a customer would be billed under this arrangement.

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Although APS will waive any requirement that the Commission act on this proposed tariff within thirty (30) days under A.R.S. Sections 40-367 and 40-250(B), APS requests that the rider become effective before the October 1, 2008 date that these customers may begin receiving preference power, so that they may take advantage of this potential offering.

If you have any questions regarding this filing, please call David Rumolo at (602) 250-3933.

Sincerely,



Barbara A. Klemstine

BAK/dst

Attachment

CC: Ernest Johnson  
Terri Ford  
Barbara Keene



## RATE SCHEDULE PPR PREFERENCE POWER RIDER

### APPLICATION

This Rate Schedule PPR Preference Power Rider ("Schedule PPR") is applicable to all Standard Offer customers ("Customer") who receive a Firm Electric Service allocation of preference power ("Preference Power") from the Western Area Power Administration ("WAPA"), an agency of the U.S. Department of Energy. All provisions of Customer's current applicable rate schedule will apply in addition to this Schedule PPR. Schedule PPR may be used in conjunction with all non-residential rate schedules that have unbundled charges.

Schedule PPR is applicable to new Preference Power allocations received from WAPA after January 1, 2007. Customer must enter into an "Electrical Supply Agreement" for "Customers with Preference Power" ("Agreement") with the Company prior to receiving service under Schedule PPR.

### DETERMINATION OF GENERATION NET POWER

The Company will provide delivery and transmission services for Customer's Total Power, and will provide generation services for the Customer's Net Power, according to the following definitions:

1. Total Power equals Customer's demand ("Total Demand") and energy ("Total Energy") for the billing period, as metered by the Company.
2. Preference Power equals the demand ("Preference Demand") and energy ("Preference Energy") from Customer's Firm Electric Service allocation for the billing period, as scheduled by the Company. Preference Power will be reduced for electrical losses as specified in the Agreement.
3. Net Power equals Total Power less Preference Power. Net Demand equals Total Demand less Preference Demand. Net Energy equals Total Energy less Preference Energy for the billing period. If Total Power is less than Preference Power for a billing period, then Net Power shall equal zero for the billing period.

### RATES

Service under this rate schedule shall be billed according to Customer's current applicable rate schedule, except as follows:

1. The eligibility for placement on a rate schedule will be determined by Total Demand.
2. The unbundled generation kWh charges in Customer's current applicable rate schedule will be applied to the Net Energy used.
3. The determination of billing kW for generation services shall be based on Net Demand computed in accordance with the provisions of Customer's current applicable rate schedule. The determination of billing kW for transmission and delivery services shall be based on Total Demand computed in accordance with the provisions of Customer's current applicable rate schedule.
4. The kWh charges under Adjustment Schedule PSA-1 and Adjustment Schedule EIS will be applied to the Net Energy determination.
5. All other kWh and kW charges in Customer's current applicable rate schedule and any other applicable adjustment schedules will be applied to the Total Energy or Total Demand, as applicable.



Site ID:

ELECTRICAL SUPPLY  
AGREEMENT, Customers with Preference Power

The parties to this Agreement are ARIZONA PUBLIC SERVICE COMPANY, an Arizona corporation, hereinafter called "APS" and [insert customer name], [insert relevant facility], hereinafter called "Customer." In consideration of the services to be performed by APS, the parties agree as follows:

**1. SPECIFICATION**

- 1.1 APS shall supply, and Customer shall take, all electric service required for operation of Customer's facility, located at [facility address], up to a maximum of [xxxx] kW, subject to the physical limitations of APS's existing system and further subject to the provisions of Sections 1.3 and 1.6 hereof. Demand and energy charges made to this account may be adjusted in accordance with APS's Rate Schedule PPR Preference Power Rider and Attachment A to this Agreement.
- 1.2 The minimum quantity of electric service contracted for under this Agreement and to be received by Customer shall be [xxxx] kW.
- 1.3 For the purpose of affording APS a reasonable opportunity to plan for additional demand on its system, Customer agrees to provide APS with at least 60 days advance written notification of any increased use of electricity over and above the maximum kW specified in Section 1.1 above, and shall be liable to APS for any damages to APS resulting from its failure to give such notice.
- 1.4 The point of delivery and measurement for all electric service supplied under this Agreement shall be at one central point designated as the secondary side of the APS transformers supplying Customer's load at the point where APS's service wire connects to Customer's installation, unless another point of delivery is designated as follows:  

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- 1.5 The electric service supplied under this Agreement shall be in the form of 3-phase alternating currents at approximately 60 Hertz and approximately [xxxxxxxx] volts.
- 1.6 Such electric service shall be supplied in accordance with the applicable APS Rate Schedule, Rate Schedule PPR Preference Power Rider, and Service Schedule 1, "Terms and Conditions for Standard Offer and Direct Access Service," as such Schedules may change from time to time. Changes made to such Schedules shall amend and apply to this Agreement to the same extent as though they had been originally incorporated as a part of this Agreement. Copies of the Rate Schedule E-[xx], Rate Schedule PPR Preference Power Rider, and Service Schedule 1 now in effect are attached to and made a part of this Agreement.
- 1.7 The electric service supplied hereunder may be interrupted or curtailed in accordance with APS's Service Schedule 5 "GUIDELINES FOR ELECTRIC CURTAILMENT," as filed with the Arizona Corporation Commission, which is subject to change as provided by law.

**2. TERM OF AGREEMENT**

The term of this Agreement shall be for a period of two years (the "Initial Term") with an effective date of [xxxxxxxx], Thereafter, this Agreement shall be automatically extended until either party gives the other party at least thirty (30) days prior written notice of its desire to terminate this Agreement. This term does not preclude Customer from selecting Direct Access service during the Initial Term and any extension thereof.

**3. ACCELERATION**

In addition to any other rights and remedies of APS, any breach or default by Customer necessitating cancellation of this Agreement shall cause all amounts for service, initial charges, minimum guarantee, or other amounts stated in the Rate Schedule and Service Schedule 1 that are independent of energy delivered to become immediately due and payable to APS.

**4. DEPOSITS**

Customer agrees that, in addition to any other rights that APS may have regarding the application of Customer deposits, APS is hereby entitled to apply any or all funds deposited with APS pursuant to this Agreement against any or all sums past due



**ATTACHMENT A**

**TO ELECTRIC SUPPLY AGREEMENT, CUSTOMERS WITH PREFERENCE POWER  
BETWEEN  
ARIZONA PUBLIC SERVICE COMPANY ("APS")  
AND [INSERT CUSTOMER NAME] ("CUSTOMER")  
Dated [Insert Date]**

**A. Preference Power**

Customer has entered into an agreement (Contract No. xxxxxxxxx) with the Western Area Power Administration ("Western") to receive capacity and energy ("preference power") from the [insert relevant preference power project] delivered at [insert relevant substation] and [insert relevant voltage]. APS will schedule such preference power for the Customer and receive the preference power at the [insert relevant voltage] and [insert relevant delivery point]. In accordance with Rate Schedule PPR Preference Power Rider, APS will credit the preference power received at the relevant substation to Customer's [insert relevant facility] account, located at [insert relevant location], less electrical losses of [xxxx] for demand and [xxxx] for energy.

**B. Scheduling of Preference Power**

APS will schedule the preference power received from Western for Customer in accordance with Customer's Metering and Scheduling Instructions with Western, which is included in Contract No. [xxxxxx]. The current rate of delivery from Western is [xxxx] kW for both summer and winter. The current maximum delivery of monthly energy is:

**C. Changes to Section B Above.**

APS will credit Customer's monthly electric bill per the above Section B unless actual monthly power scheduling from Western deviates from Section B. In those cases, the actual monthly Western power schedule will be used to credit the monthly electric bill. In no case will crediting Customer's retail bill with preference power result in a negative balance of generation demand or energy to Customer. APS will notify Customer if a monthly imbalance occurs. Customer will be solely responsible for contacting Western to reconcile the imbalance.