



NEW APPLICATION  
ORIGINAL



0000093374

Leland R. Snook  
Director  
State Regulation & Pricing

Tel. 602-250-3730  
Fax 602-250-3003  
e-mail Leland.Snook@aps.com

Mail Station 9708  
PO Box 53999  
Phoenix, Arizona 85072-3999

Arizona Corporation Commission  
**DOCKETED**

JAN 12 2009

January 12, 2009

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

DOCKETED BY NR

RE: Arizona Public Service Company's Schedule EPR-6  
Docket No. E-01345A-09-\_\_\_\_\_

E-01345A-09-0012

Pursuant to Decision No. 70567 (October 23, 2008), approving the Proposed Rulemaking Regarding Net Metering, enclosed is Arizona Public Service Company's (APS) Net Metering Rate Schedule EPR-6, submitted for Commission approval in accordance to A.A.C. R14-2-2307:

"Each Utility shall file, for approval by the Commission, a Net Metering tariff within 120 days from the effective date of these rules, including financial information and supporting data sufficient to allow the Commission to determine the Electric Utility's fair value for the purposes of evaluating any specific proposed changes."

APS is not proposing any new APS charges in Schedule EPR-6. APS proposes that the existing net metering Rate Schedule EPR-5 will continue to remain available to customers for the remainder of the three year pilot period, which will end on June 30, 2010. At that time, Schedule EPR-5 will be cancelled and any remaining customers will be transferred to Schedule EPR-6.

The proposed Schedule EPR-6 does not limit participation by size of generator or total program MW. It also compensates customers for any remaining excess generation remaining at the end of each year at APS's avoided generation costs.

APS will waive the 30 day time provisions referenced in A.R.S. Section 40-367 and 40-250, (B), and submits this application contingent on final certification of the Net Metering Rules by the Arizona Attorney General.

If you have any questions or concerns please contact Charles Miessner at (602) 250-3081.

Sincerely,

Leland R. Snook

LRS/tem

Attachments

CC: Ernest Johnson  
Terri Ford  
Barbara Keene  
Steve Irvine

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2009 JAN 12 P 4: 32  
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**RATE SCHEDULE EPR-6 (NET METERING)  
CLASSIFIED SERVICE  
RATES FOR RENEWABLE RESOURCE FACILITIES  
FOR PARTIAL REQUIREMENTS**

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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.

APPLICATION

This rate schedule is offered to customers with metered kWh usage with a Net Metering Facility that uses Renewable Resources, a fuel cell, or combined heat and power (CHP) to produce electricity. Definitions are pursuant to A.A.C. R14-2-2302. Participation under this schedule is subject to availability of enhanced metering and billing system upgrades.

DEFINITIONS

1. Combined Heat and Power (CHP) - A system that generates electricity and useful thermal energy in a single, integrated system such that the useful power output of the facility plus one-half the useful thermal energy output during any 12-month period must be no less than 42.5 percent of the total energy input of fuel to the facility.
2. Customer Supply - Energy (kWh) from a customer-owned Net Metering Facility that exceeds the customer's load at a point in time and is fed back into the Company's electric system, as metered by the Company.
3. Customer Purchase - Energy (kWh) that is provided from the Company to the customer to serve the load that is not being served by a customer-owned Net Metering Facility, as metered by the Company.
4. Excess Generation - Equals the Customer Supply (kWh) less the Customer Purchase (kWh) over a monthly billing period. For time-of-use rates the Excess Generation corresponding to the on and off peak periods is computed for on-peak and off-peak periods over the monthly billing period. (Not to be less than zero).
5. Fuel Cell - A device that converts the chemical energy of a fuel directly into electricity without intermediate combustion or thermal cycles. For purposes of this rate schedule, the source of the chemical reaction must be derived from Renewable Resources.
6. Net Metering Facility - A facility for the production of electricity that:
  - a) Is operated by or on behalf of a Net Metering customer and is located on the net metering customer's premises and;
  - b) Is intended primarily to provide part or all of the net metering customer's requirement for electricity and;
  - c) Uses Renewable Resources, a fuel cell, or CHP to generate electricity and;
  - d) Has a generating capacity less than or equal to 125% of the net metering customer's total connected load, or in the absence of customer load data, capacity less than or equal to the customer's electric service drop capacity and;
  - e) Is interconnected with and can operate in parallel and in phase with the Company's existing distribution system.



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7. Partial Requirements Service – Electric service provided to a customer that has an interconnected Net Metering Facility whereby the output from its electric generator(s) first supplies its own electric requirements and any excess energy (over and above its own requirements at any point in time) is then provided to the Company. The Company supplies the customer's supplemental electric requirements (those not met by their own generation facilities). This configuration may also be referred to as the "parallel mode" of operation.
8. Renewable Resources – Natural resources that can be replenished by natural processes, including; biogas, biomass, geothermal, hydroelectric, solar, or wind.
9. Non-Firm Power - Electric power which is supplied by the Customer's generator at the Customer's option, where no firm guarantee is provided, and the power can be interrupted by the Customer at any time.
10. Firm Power - Power available, upon demand, at all times (except for forced outages) during the period covered by the Purchase Agreement from the customer's facilities with an expected or demonstrated reliability which is greater than or equal to the average reliability of the Company's firm power sources.
11. Standard Retail Rate Schedule – Any of the Company's retail rate schedules with metered kWh charges.
12. Time Periods - Mountain Standard Time shall be used in the application of this rate schedule. Because of potential differences of the timing devices, there may be a variation of up to 15 minutes in timing for the pricing periods. On-peak and off-peak time periods will be determined by the applicable Standard Retail Rate Schedule.

TYPE OF SERVICE

Electric sales to the Company must be single phase or three phase, 60 Hertz, at one standard voltage as may be selected by customer (subject to availability at the premises).

BILLING

A. During the billing period for:

1. Customer Purchases in excess of Customer Supply:

Company shall bill the customer for the net kWh supplied by the Company in accordance with the applicable Standard Retail Rate Schedule.

2. Customer Supply in excess of Customer Purchases (Excess Generation):

Company shall credit the customer the Excess Generation kWh in subsequent billing periods.

B. For customers taking service under time-of-use rates, Customer Supply and Customer Purchases will be segmented by on-peak and off-peak periods. Excess Generation kWh credits will be applied to the time-of-use periods in which the kWh were generated by the customer.

C. Basic Service Charges and Demand charges (either metered or contract) will continue to apply in full.



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D. For the last billing period of each calendar year or for the last billing period at the time the customer discontinues taking service under this rate schedule;

The Company shall issue a billing credit to the customer for any remaining Excess Generation balance. In the event the customer's electric service is terminated, after applying a billing credit for any Excess Generation up to the amount the customers owes the Company, the Company shall issue a check for the remaining value of the Excess Generation balance. The payment or credit will be determined at the Company's annual avoided costs (Annual Purchase Rate), which are updated annually and as specified below:

	<u>Non-Firm</u>			<u>Firm</u>		
	On-peak	Off-peak	Total	On-peak	Off-peak	Total
Annual Purchase Rates (¢/kWh)	6.590	5.963	6.187	7.714	6.172	6.722

FUTURE RECOVERY OF CERTAIN NET METERING COSTS

In accordance with A.C.C. Decision No. 69663, the Company shall defer a portion of its "uncollected fixed costs" associated with the three year pilot net metering program and seek their recovery in the Company's next general rate case. The uncollected fixed costs will be based on the difference between the applicable standard retail rate and the Company's avoided cost and applied to the excess generation provided in accordance with this rate schedule.

CONTRACT PERIOD

Any applicable contract period(s) will be set forth in an Agreement between the customer and the Company.

METERING

Customers served under this rate schedule will require a bi-directional meter that will register and accumulate the net electrical requirements of the customer. For customers with a Net Metering Facility greater than 100 kW, the Company will also install a meter at the customer's Net Metering Facility.

For Customers using Renewable Resources, renewable combined heat and power or a fuel cell using a renewable fuel, the initial incremental metering costs for bi-directional metering and the facility meter will be incurred by the Company and be recovered through Renewable Energy Standard (RES) funding.

For other customers qualifying for service under this rate schedule the incremental metering costs for bi-directional metering and the facility meter will be incurred by the Customer.

TERMS AND CONDITIONS

Service under this rate schedule is subject to the Company's Schedule 1 Terms and Conditions for Standard Offer and Direct Access Services, Schedule 2 Terms and Conditions for Energy Purchases from Qualified Cogeneration or Small Power Production Facilities, Schedule 3 Conditions Governing Extensions of Electrical Distribution Lines and Services, and the Company's Interconnection Requirements for Distributed Generation.

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

A.C.C. No. XXXX  
Rate Schedule EPR-6  
Original  
Effective: xxxx