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February 24, 2010

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

RE: REVISED APS RATE SCHEDULE EPR-2 AND RATE SCHEDULE EPR-6
DOCKET NO. E-01345A-09-0235

On May 13, 2009, Arizona Public Service Company (APS) applied for a revision to Rate Schedule EPR-2 to reflect proposed new monthly purchase rates for excess generation from customers' distributed generation systems, which are updated annually. On December 30, 2009, the Arizona Corporation Commission, in Decision 71448, approved certain structural changes to schedule EPR-2, which included the addition of energy purchase rates for two additional time-of-use periods. APS is submitting a revised Schedule EPR-2 which reflects the monthly purchase rates proposed in the May 13 filing, and the structural changes approved in Decision 71448.

In addition, APS is amending its application to also revise the annual purchase rate for net metering rate schedule EPR-6, which is consistent with the proposed monthly purchase rates for EPR-2. This revision will ensure that all residential customers with qualified renewable generation will be compensated for their excess generation with consistent purchase rates, based on identical avoided cost information.

Please find attached the revised schedule EPR-2, revised schedule EPR-6, and confidential workpapers detailing the computations of the firm and non-firm purchase rates for both Schedule EPR-2 and Schedule EPR-6.

If you have any questions or concerns, please call Mr. Charles Miessner at 602-250-3081.

Sincerely,

Leland R. Snook

Arizona Corporation Commission

DOCKETED

FEB 24 2010

DOCKETED BY

LS/dst
Attachment

cc: Steve Olea (without confidential attachment)
Terri Ford
Barbara Keene
Steve Irvine

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AZ CORP COMMISSION
DOCKET CONTROL

SCHEDULE EPR-2

NON-REDLINE VERSION



**SCHEDULE EPR-2
CLASSIFIED SERVICE
PURCHASE RATES FOR QUALIFIED FACILITIES
100 KW OR LESS FOR PARTIAL REQUIREMENTS**

AVAILABILITY

This rate schedule is available in all territory served by the Company.

APPLICATION

This rate schedule is applicable to all cogeneration and small power production facilities with a nameplate continuous AC output power rating of 100 kW or less where the facility's generator(s) and load are located at the same premise and that otherwise meet qualifying status pursuant to Arizona Corporation Commission's Decision No. 52345 on cogeneration and small power production facilities. Applicable only to Qualifying Facilities electing to configure their systems as to require partial requirements service from the Company in order to meet their electric requirements.

TYPE OF SERVICE

Electric sales to the Company must be single or three phase, 60 Hertz, at one standard voltage as may be selected by the customer (subject to availability at the premises). The Qualifying Facility will have the option to sell energy to the Company at a voltage level different than that for purchases from the Company; however, the Qualifying Facility will be responsible for all incremental costs incurred to accommodate such an arrangement.

PAYMENT FOR PURCHASES FROM AND SALES TO THE CUSTOMER

Power sales and special services supplied by the Company to the customer in order to meet its supplemental or interruptible electric requirements will be priced at the applicable retail rate or rates.

The Company will pay the customer for any energy purchased as calculated on the standard purchase rate (see below).

MONTHLY PURCHASE RATE FOR EXCESS GENERATION

For customers with a 9 a.m. to 9 p.m. on-peak rate:

	Cents per kWh			
	Non-Firm Power		Firm Power	
	On-Peak ^{1/}	Off-Peak ^{2/}	On-Peak ^{1/}	Off-Peak ^{2/}
Summer Billing Cycles (May - October)	4.236	3.734	5.447	3.957
Winter Billing Cycles (November - April)	3.432	3.622	3.432	3.622

^{1/} On-Peak Periods: 9 a.m. to 9 p.m., weekdays or as reflected in the customer's otherwise applicable retail rate schedule

^{2/} Off-Peak Periods: All other hours

These rates are based on the Company's estimated avoided energy costs and will be updated annually.



**SCHEDULE EPR-2
CLASSIFIED SERVICE
PURCHASE RATES FOR QUALIFIED FACILITIES
100 KW OR LESS FOR PARTIAL REQUIREMENTS**

For customers with a 12 p.m. to 7 p.m. on-peak rate:

	Cents per kWh			
	Non-Firm Power		Firm Power	
	On-Peak ^{1/}	Off-Peak ^{2/}	On-Peak ^{1/}	Off-Peak ^{2/}
Summer Billing Cycles (May - October)	4.473	3.766	6.548	3.947
Winter Billing Cycles (November - April)	3.224	3.641	3.224	3.641

^{1/} On-Peak Periods: 12 p.m. to 7 p.m., weekdays or as reflected in the customer's otherwise applicable retail rate schedule

^{2/} Off-Peak Periods: All other hours

These rates are based on the Company's estimated avoided energy costs and will be updated annually.

For customers with an 11 a.m. to 9 p.m. on-peak rate:

	Cents per kWh			
	Non-Firm Power		Firm Power	
	On-Peak ^{1/}	Off-Peak ^{2/}	On-Peak ^{1/}	Off-Peak ^{2/}
Summer Billing Cycles (May - October)	4.405	3.705	5.857	3.910
Winter Billing Cycles (November - April)	3.361	3.636	3.361	3.636

^{1/} On-Peak Periods: 11 a.m. to 9 p.m., weekdays or as reflected in the customer's otherwise applicable retail rate schedule

^{2/} Off-Peak Periods: All other hours

These rates are based on the Company's estimated avoided energy costs and will be updated annually.

For residential customers served under a standard (non time-of-use) rate, the monthly purchase rate will equal the rate for customers served on a 12 p.m. to 7 p.m. on-peak rate. For all other customers served under a standard rate, the monthly purchase rate will equal the rate for customers served on an 11 a.m. to 9 p.m on-peak rate.

CONTRACT PERIOD

As provided for in any Supply /Purchase Agreement.



**SCHEDULE EPR-2
CLASSIFIED SERVICE
PURCHASE RATES FOR QUALIFIED FACILITIES
100 KW OR LESS FOR PARTIAL REQUIREMENTS**

DEFINITIONS

1. Partial Requirements Service - Electric service provided to a customer that has an interconnected generation system configuration whereby the output from its electric generator(s) first supplies its own electric requirements and any Excess Generation (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.
2. Excess Generation - Equals the customer's generation (kWh) in excess of their load at any point in time as metered by the Company. Excess Generation is computed for on-peak and off-peak billing periods.
3. Special Service(s) - The electric service(s) specified in this section that will be provided by the Company in addition to or in lieu of normal service(s).
4. 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.
5. 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.
6. 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.

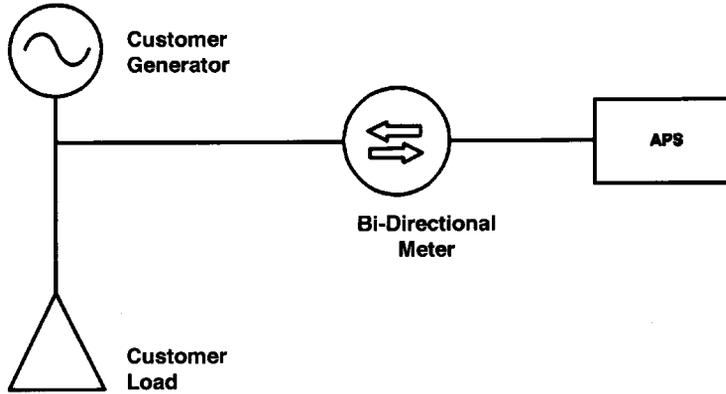
TERMS AND CONDITIONS

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, and the Company's Interconnection requirements for Distributed Generation. This schedule has provisions that may affect the customer's bill. In addition, service may be subject to special terms and conditions as provided for in a customer interconnection or Supply/Purchase agreement.



**SCHEDULE EPR-2
CLASSIFIED SERVICE
PURCHASE RATES FOR QUALIFIED FACILITIES
100 KW OR LESS FOR PARTIAL REQUIREMENTS**

METERING CONFIGURATION



REDLINE VERSION



**SCHEDULE EPR-2
CLASSIFIED SERVICE
PURCHASE RATES FOR QUALIFIED FACILITIES
100 KW OR LESS FOR PARTIAL REQUIREMENTS**

AVAILABILITY

This rate schedule is available in all territory served by the Company.

APPLICATION

This rate schedule is applicable to all cogeneration and small power production facilities with a nameplate continuous AC output power rating of 100 kW or less where the facility's generator(s) and load are located at the same premise and that otherwise meet qualifying status pursuant to Arizona Corporation Commission's Decision No. 52345 on cogeneration and small power production facilities. Applicable only to Qualifying Facilities electing to configure their systems as to require partial requirements service from the Company in order to meet their electric requirements.

TYPE OF SERVICE

Electric sales to the Company must be single or three phase, 60 Hertz, at one standard voltage as may be selected by the customer (subject to availability at the premises). The Qualifying Facility will have the option to sell energy to the Company at a voltage level different than that for purchases from the Company; however, the Qualifying Facility will be responsible for all incremental costs incurred to accommodate such an arrangement.

PAYMENT FOR PURCHASES FROM AND SALES TO THE CUSTOMER

Power sales and special services supplied by the Company to the customer in order to meet its supplemental or interruptible electric requirements will be priced at the applicable retail rate or rates.

The Company will pay the customer for any energy purchased as calculated on the standard purchase rate (see below).

MONTHLY PURCHASE RATE FOR EXCESS GENERATION

For customers with a 9 a.m. to 9 p.m. on-peak rate:

	Cents per kWh			
	Non-Firm Power		Firm Power	
	On-Peak ^{1/}	Off-Peak ^{2/}	On-Peak ^{1/}	Off-Peak ^{2/}
Summer Billing Cycles (May - October)	4.2367-400	3.7346-112	5.4479-631	3.9576-528
Winter Billing Cycles (November - April)	3.4325-767	3.6225-813	3.4325-767	3.6225-813

^{1/} On-Peak Periods: 9 a.m. to 9 p.m., weekdays or as reflected in the customer's otherwise applicable retail rate schedule

^{2/} Off-Peak Periods: All other hours

These rates are based on the Company's estimated avoided energy costs and will be updated annually.



**SCHEDULE EPR-2
CLASSIFIED SERVICE
PURCHASE RATES FOR QUALIFIED FACILITIES
100 KW OR LESS FOR PARTIAL REQUIREMENTS**

For customers with a 12 p.m. to 7 p.m. on-peak rate:

	Cents per kWh			
	Non-Firm Power		Firm Power	
	On-Peak ^{1/}	Off-Peak ^{2/}	On-Peak ^{1/}	Off-Peak ^{2/}
Summer Billing Cycles (May - October)	4.4737.562	3.7666.313	6.54811.38 7	3.9476.650
Winter Billing Cycles (November - April)	3.2245.219	3.6415.948	3.2245.219	3.6415.948

^{1/} On-Peak Periods: 12 p.m. to 7 p.m., weekdays or as reflected in the customer's otherwise applicable retail rate schedule

^{2/} Off-Peak Periods: All other hours

These rates are based on the Company's estimated avoided energy costs and will be updated annually.

For customers with an 11 a.m. to 9 p.m. on-peak rate:

	Cents per kWh			
	Non-Firm Power		Firm Power	
	On-Peak ^{1/}	Off-Peak ^{2/}	On-Peak ^{1/}	Off-Peak ^{2/}
Summer Billing Cycles (May - October)	4.4057.550	3.7056.158	5.85710.22 &	3.9106.538
Winter Billing Cycles (November - April)	3.3615.620	3.6365.872	3.3615.620	3.6365.872

^{1/} On-Peak Periods: 11 a.m. to 9 p.m., weekdays or as reflected in the customer's otherwise applicable retail rate schedule

^{2/} Off-Peak Periods: All other hours

These rates are based on the Company's estimated avoided energy costs and will be updated annually.

For residential customers served under a standard (non time-of-use) rate, the monthly purchase rate will equal the rate for customers served on a 12 p.m. to 7 p.m. on-peak rate. For all other customers served under a standard rate, the monthly purchase rate will equal the rate for customers served on an 11 a.m. to 9 p.m on-peak rate.

CONTRACT PERIOD

As provided for in any Supply /Purchase Agreement.



**SCHEDULE EPR-2
CLASSIFIED SERVICE
PURCHASE RATES FOR QUALIFIED FACILITIES
100 KW OR LESS FOR PARTIAL REQUIREMENTS**

DEFINITIONS

1. Partial Requirements Service - Electric service provided to a customer that has an interconnected generation system configuration whereby the output from its electric generator(s) first supplies its own electric requirements and any Excess Generation (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.
2. Excess Generation - Equals the customer's generation (kWh) in excess of their load at any point in time as metered by the Company. Excess Generation is computed for on-peak and off-peak billing periods.
3. Special Service(s) - The electric service(s) specified in this section that will be provided by the Company in addition to or in lieu of normal service(s).
4. 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.
5. 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.
6. 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.

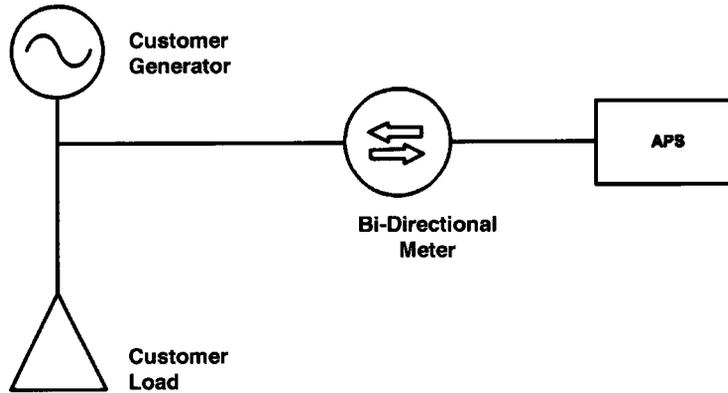
TERMS AND CONDITIONS

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, and the Company's Interconnection requirements for Distributed Generation. This schedule has provisions that may affect the customer's bill. In addition, service may be subject to special terms and conditions as provided for in a customer interconnection or Supply/Purchase agreement.



**SCHEDULE EPR-2
CLASSIFIED SERVICE
PURCHASE RATES FOR QUALIFIED FACILITIES
100 KW OR LESS FOR PARTIAL REQUIREMENTS**

METERING CONFIGURATION



SCHEDULE EPR-6

NON-REDLINE VERSION



**RATE SCHEDULE EPR-6 (NET METERING)
CLASSIFIED SERVICE
RATES FOR RENEWABLE RESOURCE FACILITIES
FOR PARTIAL REQUIREMENTS**

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.



**RATE SCHEDULE EPR-6 (NET METERING)
CLASSIFIED SERVICE
RATES FOR RENEWABLE RESOURCE FACILITIES
FOR PARTIAL REQUIREMENTS**

DEFINITIONS (cont)

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.



**RATE SCHEDULE EPR-6 (NET METERING)
CLASSIFIED SERVICE
RATES FOR RENEWABLE RESOURCE FACILITIES
FOR PARTIAL REQUIREMENTS**

BILLING (cont)

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:

Annual Purchase Rates (¢/kWh)	Non-Firm			Firm		
	On-peak	Off-peak	Total	On-peak	Off-peak	Total
	3.836	3.679	3.735	4.443	3.791	4.024

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. The Company will install such a meter at the customer's Net Metering Facility if proper metering is not already present. The incremental metering costs for bidirectional metering and the facility meter will be incurred by the Company. A bidirectional meter may not be required if the generating capacity of the Net Metering Facility is less than 10% of the customer's lowest billing demand over the previous 12 months, or as otherwise determined by the Company through available information, and if the customer agrees that they do not intend to net any Excess Generation on their monthly bill.

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.

REDLINE VERSION



**RATE SCHEDULE EPR-6 (NET METERING)
CLASSIFIED SERVICE
RATES FOR RENEWABLE RESOURCE FACILITIES
FOR PARTIAL REQUIREMENTS**

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.



**RATE SCHEDULE EPR-6 (NET METERING)
CLASSIFIED SERVICE
RATES FOR RENEWABLE RESOURCE FACILITIES
FOR PARTIAL REQUIREMENTS**

DEFINITIONS (cont)

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.

ARIZONA PUBLIC SERVICE COMPANY
Phoenix, Arizona
Filed by: David J. Rumolo
Title: Manager, Regulation and Pricing
Original Effective Date: July 7, 2009

A.C.C. No. XXXX5712
Cancelling A.C.C. No. 5712Rate Schedule EPR-6
Rate Schedule EPR-6Original
Effective: July 7, 2009Revision No. 1
Effective: XXXX



**RATE SCHEDULE EPR-6 (NET METERING)
CLASSIFIED SERVICE
RATES FOR RENEWABLE RESOURCE FACILITIES
FOR PARTIAL REQUIREMENTS**

BILLING (cont)

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 customer 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:

Annual Purchase Rates (¢/kWh)	<u>Non-Firm</u>			<u>Firm</u>		
	On-peak	Off-peak	Total	On-peak	Off-peak	Total
3.7916-172 4.0246-722	3.8366-590	3.6795-963		3.7356-187	4.4437-714	

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. The Company will install such a meter at the customer's Net Metering Facility if proper metering is not already present. The incremental metering costs for bidirectional metering and the facility meter will be incurred by the Company. A bidirectional meter may not be required if the generating capacity of the Net Metering Facility is less than 10% of the customer's lowest billing demand over the previous 12 months, or as otherwise determined by the Company through available information, and if the customer agrees that they do not intend to net any Excess Generation on their monthly bill.

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.