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AZ CORP COMMISSION
DOCUMENT CONTROL

Arizona Corporation Commission
DOCKETED

August 3, 1999

AUG 04 1999

TO ALL PARTIES OF RECORD:

RE: Docket No. E-01345A-98-0473, E-01345A-97-0773, RE-00000C-94-0165

DOCKETED BY *Yhm*

In response to the July 22, 1999 Procedural Order issued in this docket and as requested by the Hearing Officer, enclosed is a draft Exhibit which is the requested revision to Attachment AP-1R (originally filed in the rebuttal testimony of Alan Propper on July 12, 1999). The draft Exhibit provides an Informational Standard Offer Bill in the format outlined in Hearing Officer Exhibit 1. The draft Exhibit includes an additional example page, beyond those in Attachment AP-1R, so that the format can be seen for each of the three major classes of service that will be available for Direct Access.

The Standard Offer Bill will be provided in the form of a two-page bill to all of our Standard Offer customers. Page 1 of the bill (as depicted on the left hand side of the Attachment pages) will be the Standard Offer bill in the format now provided to our customers. Page 2 of the bill (as depicted on the right hand side of the Attachment pages) will be the Informational Unbundling that will provide our customers with the information specified in Hearing Officer Exhibit 1.

The Hearing Officer directed at the hearing that, for purposes of commenting on the Exhibit, the parties should assume that the allocation methods proposed by APS are correct. Accordingly, the charges for Metering, Meter Reading, and Billing services reflected on the draft Exhibit are based on the avoided costs specified in the Direct Access rates of the Settlement Agreement. In addition, the sum of the unbundled charges is constrained by the existing Standard Offer rate. Similarly, the charge for Distribution Service on the draft Exhibit is the sum of the Basic Service Charge and the demand and energy distribution charges in the Direct Access tariff, less credits for Metering, Meter Reading and Billing.

The charge for System Benefits and the Competitive Transition Charge are the same as they would be under the Direct Access rate. The charge identified as "Total Charges for APS Delivery Service Only" represents the charge that the customer would have to pay APS if the customer were to receive competitive services from an ESP.

The draft Exhibit includes an estimate of the charges that APS would bill an Electric Service Provider for Transmission and Ancillary Services for that month's energy usage or maximum demand. These charges may or may not be passed on to the Direct Access customer in the same format by the ESP. There are no transmission and ancillary services charges associated with distribution.

PARTIES OF RECORD

August 3, 1999

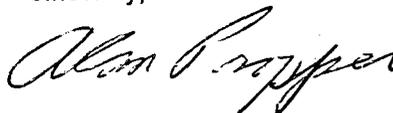
Page 2

As specified in Hearing Officer Exhibit 1, the draft Exhibit also apportions generation into both demand and energy components. This calculation was based on an energy cost of 1.44 cents per kWh. APS, however, does not believe that an imputed demand and energy breakdown of the generation component will be useful for customers. Most, if not all, ESPs will not price using demand and energy components and, particularly for customers that are not accustomed to seeing a demand component on their bill, such detail may be confusing.

Finally, the Generation and Transmission Shopping Credit, which is the difference between the Standard Offer bill and the APS delivery bill, has been shown and is expressed in both a dollar amount and in cents per kWh.

APS welcomes comments from interested parties on the formatting of this draft Exhibit through Friday, August 6, 1999. APS will file the final Exhibit with the Commission by 4:00 p.m. on Monday, August 9, 1999. This filing will, to the extent possible, indicate areas of agreement reached with the parties. Please direct your comments to my attention or e-mail any comments to APROPPER@apsc.com.

Sincerely,

A handwritten signature in cursive script that reads "Alan Propper".

cc: Jerry Rudibaugh
Docket Control

ARIZONA PUBLIC SERVICE COMPANY

**Informational Unbundling for Standard Offer
 Proposed Standard Offer Bill**

Typical Summer Bill on Rate E-12 at 7/1/99 Rate Levels

The following information is proposed to be shown on the customer's monthly bill:

Page 1, Standard Offer Bill Calculation:

Your total energy usage this month is: 991 kWh

| | |
|-----------------------|------------------|
| Basic Service Charge | \$ 7.50 |
| Charge for kWh used | 101.80 |
| Regulatory Assessment | 0.20 |
| Sales Tax | 7.17 |
| TOTAL | \$ 116.67 |

Page 2, Informational Unbundling:

Your total energy usage for this month is: 991 kWh
 You Standard Offer Bill is (see page 1): \$ 116.67

If you choose to receive competitive services from an Electric Service Provider, your APS bill on Rate DA-R1 for delivery service would include:

| | |
|--------------------------------|---------|
| Metering Service: | \$ 1.30 |
| Meter Reading Service: | 0.30 |
| Billing Service: | 0.30 |
| Distribution Service: | 49.30 |
| System Benefits: | 1.14 |
| Competitive Transition Charge: | 9.22 |
| Regulatory Assessment: | 0.12 |
| Sales Tax: | 4.04 |

Total Charges for APS Delivery Service Only: \$ 65.72

| | |
|---|-----------------|
| Transmission and Ancillary Services billed to your Electric Service Provider: | \$ 5.09 |
| Typical Generation Demand Cost: | \$ 31.59 |
| Typical Generation Energy Cost: | 14.27 |
| Total Generation: | \$ 45.86 |

Shopping Credit to purchase competitively supplied Generation and Transmission Service: \$ 50.95 or, 5.14 ¢/kWh

ARIZONA PUBLIC SERVICE COMPANY

Informational Unbundling for Standard Offer
 Proposed Standard Offer Bill

Typical Summer Bill on Rate E-32 at Proposed 7/1/99 Rate Levels

The following information is proposed to be shown on the customer's monthly bill:

Page 1, Standard Offer Bill Calculation:

Your total energy usage for this month is 36,500 kWh
 Your peak demand for this month is: 100 kW

| | |
|-----------------------|-------------------|
| Basic Service Charge | \$ 12.50 |
| Charge for kWh used | 3,171.91 |
| Charge for kW Demand | 175.75 |
| Regulatory Assessment | 4.71 |
| Sales Tax | 220.25 |
| TOTAL | \$3,585.12 |

Page 2, Informational Unbundling:

Your total energy usage for this month is: 36,500 kWh
 Your peak demand for this month is: 100 kW
 You Standard Offer Bill is (see page 1): \$3,585.12

If you choose to receive competitive services from an Electric Service Provider, your APS bill on Rate DA-GS1 for delivery service would include:

| | |
|--------------------------------|----------|
| Metering Service: | \$ 4.00 |
| Meter Reading Service: | 0.30 |
| Billing Service: | 0.30 |
| Distribution Service: | 1,297.75 |
| System Benefits: | 41.98 |
| Competitive Transition Charge: | 243.00 |
| Regulatory Assessment: | 2.22 |
| Sales Tax: | 104.04 |

Total Charges for APS Delivery Service Only:

\$ 1,693.59

Transmission and Ancillary Services

billed to your Electric Service Provider:

\$ 156.40

Typical Generation Demand Cost:

\$ 1,209.53

Typical Generation Energy Cost:

525.60

Total Generation:

\$ 1,735.13

Shopping Credit to purchase competitively supplied Generation and Transmission Service:

\$ 1,891.53 or,
 5.18 ¢/kWh

ARIZONA PUBLIC SERVICE COMPANY

Informational Unbundling for Standard Offer
 Proposed Standard Offer Bill

Typical Bill on Rate E-34 at Proposed 7/1/99 Rate Levels

The following information is proposed to be shown on the customer's monthly bill:

Page 1, Standard Offer Bill Calculation:

Your total energy usage for this month is 2,920,000 kWh
 Your peak demand for this month is: 5,000 kW

| | |
|-----------------------|---------------------|
| Basic Service Charge | \$ 2,430.00 |
| Charge for kWh used | 96,009.60 |
| Charge for kW Demand | 55,800.00 |
| Regulatory Assessment | 216.09 |
| Sales Tax | 10,109.90 |
| TOTAL | \$164,565.59 |

Page 2, Informational Unbundling:

Your total energy usage for this month is: 2,920,000 kWh
 Your peak demand for this month is: 5,000 kW
 You Standard Offer Bill is (see page 1): \$ 164,565.59

If you choose to receive competitive services from an Electric Service Provider, your APS bill on Rate DA-GS10 for delivery service would include:

| | |
|--------------------------------|-----------|
| Metering Service: | \$ 55.00 |
| Meter Reading Service: | 0.30 |
| Billing Service: | 0.30 |
| Distribution Service: | 49,195.20 |
| System Benefits: | 3,358.00 |
| Competitive Transition Charge: | 14,100.00 |
| Regulatory Assessment: | 124.81 |
| Sales Tax: | 4,374.59 |

Total Charges for APS Delivery Service Only:

\$ 71,208.20

Transmission and Ancillary Services billed to your Electric Service Provider:

\$ 8,760.00

Typical Generation Demand Cost: \$ 42,549.39
 Typical Generation Energy Cost: 42,048.00

\$ 84,597.39

Shopping Credit to purchase competitively supplied Generation and Transmission Service:

\$ 93,357.39 or,
 3.20 ¢/kWh