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September 1, 1998

ARIZONA CORPORATION COMMISSION
DOCKETED

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Docket Control
ARIZONA CORPORATION COMMISSION
1200 West Washington Street
Phoenix, Arizona 85007

DOCKETED BY 

RE: Stranded Cost Compliance Filing of Arizona Public Service Company
A.C.C. Docket No. RE-00000C-94-165

Dear Sirs:

It has come to our attention that Exhibit 1 to Arizona Public Service Company's Stranded Cost Compliance Filing of August 21, 1998 (the Company's Plan for Administration of the Method for Calculating Market Generation Credits for Direct Access Customers) contains an error. Section III.B.2 of this exhibit (Hourly Load Calculations for customer loads without hourly metering available) sets forth the equation to be utilized in the load profiling process. In the first term of this equation, the numerator and denominator were inadvertently transposed. Attached is a revised Page 5 of 6 of Exhibit 1.

We apologize for any inconvenience this error may have caused.

Sincerely,

Barbara A. Klemstine
Manager, Regulatory Affairs

BAK:bgs
Attachments

assigned segment load profiles. The load profile process estimates the customer's hourly loads by allocating the metered monthly consumption (in kilowatt-hours) to a monthly load shape from an assigned segment as set forth in the following equation (adjusting for line losses as discussed above):

$$HL = \left(HC * \frac{MI}{MC} \right) * (1 + L)$$

Where: HC = Hourly Class usage from an assigned load profile
MI = Monthly Individual consumption as metered for the billing period
MC = Monthly Class consumption from an assigned load profile (same profile as HC)
L = the applicable delivery Line Loss percentage

Load profiles available to customers who choose an alternate energy supplier are listed in Attachment 2 and are assigned on an individual basis at the time the customer applies for direct access. Available load profiles have been determined by the Company and filed with the Arizona Corporation Commission. Load profiles or profile segments may be revised to ensure that sample segments are appropriately applied or updated as necessary, and any such revisions are subject to the approval of the Arizona Corporation Commission.

A table of line losses based on voltage delivery levels that will be utilized in the above calculations is shown on Attachment 3.

A sample calculation of the Market Generation Credit in its entirety is presented in Attachment 4 for clarification purposes. APS will continually monitor both the California PX and the NYMEX futures market prices and will recommend revisions to either the methodology or to the indexes if necessary.