

ORIGINAL NEW APPLICATION



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Arizona Corporation Commission

DOCKETED

MAY 20 2011

AZ CORP COMMISSION
DOCKET CONTROL

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BEFORE THE ARIZONA CORPORATION COMMISSION

COMMISSIONERS

9 GARY PIERCE, Chairman
BOB STUMP
10 SANDRA D. KENNEDY
PAUL NEWMAN
11 BRENDA BURNS

E-01345A-11-0207

12 IN THE MATTER OF THE APPLICATION
13 OF ARIZONA PUBLIC SERVICE
COMPANY FOR APPROVAL OF
14 VERSION 12 OF SERVICE SCHEDULE 3
AND AGREEMENT CONCERNING SAME

DOCKET NO. E-01345A-11-

16 In Decision No. 71448 (December 30, 2009), the Arizona Corporation
17 Commission ("Commission") approved Version 11 of Arizona Public Service Company
18 ("APS" or "Company") Service Schedule 3 (Line Extensions). Version 11, like Version
19 10 before it, required new applicants for APS electric service to bear most of the direct
20 capital costs associated with their service extensions. Ever since this change in the
21 Company's historic line extension policy took effect in early 2008, it was been very
22 controversial, especially with representatives of the real estate and home building
23 industries and customers seeking to upgrade or extend new service. APS has sought a
24 compromise that would restore more of a sharing of extension costs between new
25 applicants and the Company (and through rates, the Company's existing electric
26 customers), while preserving the benefits of the Settlement that resulted in Decision No.
27 71448.

28

1 APS believes such a compromise has been reached through the attached
2 Agreement with the following parties:

- 3 1. Arizona Association of Realtors ("AAR")
- 4 2. Home Builders Association of Central Arizona ("HBACA")
- 5 3. Barbara Wyllie-Pecora
- 6 4. Residential Utility Consumer Office ("RUCO")
- 7 5. Arizona Investment Council ("AIC")
- 8 6. IBEW Locals 387 and 769

9 That Agreement, attached hereto as Attachment A, proposes approval of Version
10 12 of Service Schedule 3, with such Version 12 to become effective concurrently with
11 the effective date of new base electric rates resulting from the Company's anticipated
12 June 1, 2011 general rate case filing. Version 12 of Service Schedule 3 is attached to the
13 Agreement and is referred to herein as Exhibit B.

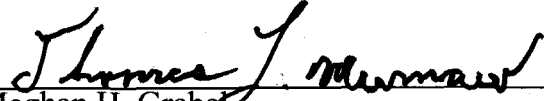
14 As part of this application, APS is filing an updated Schedule of Charges as
15 Attachment 1 to Version 12 and requests Commission approval of the updated charges
16 to become effective upon the effective date of new base rates resulting from the
17 Company's June 1, 2011 general rate application.

18 The Agreement also calls for a three year extension in the original five year
19 refund period for those line extension advances executed under Versions 8 and 9 of
20 Service Schedule 3 in 2006, 2007 and 2008. APS will also consent to the assignment by
21 applicants of extension agreements whenever such assignment does not adversely
22 impact APS customers. Finally, service applicants who have advanced APS funds for an
23 extension upon which APS has not begun construction can, at their option, cancel their
24 agreements with the Company and receive a refund of amounts paid APS less any actual
25 costs incurred to date by the Company (e.g., engineering). Those applicants electing to
26 do so could thereafter reapply for service under the terms of the APS Service Schedule 3
27 then in effect.

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WHEREFORE APS requests that the Commission approve in their entirety the Agreement and the terms and conditions therein and also Version 12 of Service Schedule 3, with the latter to become effective upon the effective date of new base rates resulting from the Company's June 1, 2011 general rate application.

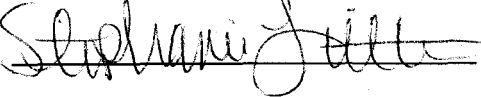
RESPECTFULLY SUBMITTED this 20th day of May, 2011.

By: 
Meghan H. Grabel
Thomas L. Mumaw

Attorneys for Arizona Public Service Company

ORIGINAL and thirteen (13) copies of the foregoing filed this 20th day of May, 2011, with:

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



Attachment A

ARIZONA PUBLIC SERVICE COMPANY

**PROPOSED AGREEMENT
ON
SERVICE SCHEDULE 3**

DOCKET NO. E-01345A-11-_____

May 20, 2011

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PROPOSED AGREEMENT ON ISSUES RELATED TO ARIZONA PUBLIC SERVICE COMPANY'S SERVICE SCHEDULE 3

The purpose of this Agreement (the "Agreement") is to settle certain disputed issues related to Arizona Public Service Company's ("APS" or "Company") Service Schedule 3 ("Schedule 3"). This Agreement is entered into by the following entities:

Arizona Public Service Company ("APS")
Arizona Association of Realtors ("AAR")
Home Builders Association of Central Arizona ("HBACA")
Barbara Wyllie-Pecora
Residential Utility Consumer Office ("RUCO")
Arizona Investment Council ("AIC")
IBEW Locals 387 and 769

These entities shall be referred to collectively as "Signatories;" a single entity shall be referred to individually as a "Signatory."

The following numbered paragraphs comprise the Signatories' Agreement.

I. RECITALS

1.1. The purpose of this Agreement is to settle issues surrounding the structure of Schedule 3 in a manner that will promote the public interest.

1.2 The current version of Schedule 3 (Version 11) was approved by the Arizona Corporation Commission ("Commission") in Decision No. 71448 (December 30, 2009).

1.3 Schedule 3 and the revenue treatment of proceeds received therefrom were critical components of the 2009 Rate Settlement ("2009 Settlement") resulting in Decision No. 71448.

1.4 Schedule 3 was and has been the subject of significant public debate since the Commission first approved an earlier version of the Schedule in February of 2008.

1.5 Real estate and home building industry representatives, including Ms. Wyllie-Pecora, AAR and HBACA, raised concerns that Schedule 3 was contributing to the ongoing recession in the real estate and home building industries.

1.6 Representatives from several rural counties in Arizona submitted letters to the Commission stating that Schedule 3 had adversely affected real estate values in such counties.

1.7 Since that time, APS has met on numerous occasions with Ms. Wyllie-Pecora, AAR and HBACA to determine whether there was a compromise that would satisfy affected parties.

1.8 The purpose of this Agreement is to resolve the issues raised by Ms. Wyllie-Pecora, AAR and HBACA in a manner that will preserve the benefits of the 2009 Settlement and promote the public interest. The Signatories believe that this Agreement accomplishes this by (a) restructuring Schedule 3 to provide for a reasonable sharing of costs for service extensions between new and existing customers¹ taking into consideration the benefits conferred by such new customers, and (b) deferring implementation of the restructured Schedule 3 (Version 12) until the completion of the Company's next rate case.

1.9 The Signatories desire that the Commission issue an order (i) finding that the terms and conditions of this Agreement are just and reasonable, together with any and all other necessary findings; (ii) concluding that Version 12 of Schedule 3 is in the public interest and should be approved; (iii) granting approval of the Agreement and Version 12; and (iv) ordering that Version 12 be effective upon the date new base rates become effective as a result of the Company's next general rate case.

TERMS AND CONDITIONS

II. REVISIONS TO SCHEDULE 3 AND EXTENSION OF REFUND PERIOD FOR PREVIOUS ADVANCES

2.1 Nothing in this Agreement shall be construed as changing Schedule 3, Decision No. 71448 or the 2009 Settlement prior to the effective date of new base rates following the next APS general rate case, presently scheduled to be filed June 1, 2011.

2.2 The Signatories have agreed to a revised version of Schedule 3 (Version 12), attached hereto in both redline and non-redline forms as Exhibit B.

2.3 The proposed Version 12 of Schedule 3 would incorporate the following principle features:

- a. 750 foot allowance for individual residential applicants up to a \$10,000 maximum (excluding the transformer) with a non-refundable payment by the applicant for costs in excess of \$10,000 based on the Schedule of Charges ("SOC") set forth in Schedule 3;
- b. a \$3,500 equipment allowance per lot (excepting street lighting or custom features) for new residential subdivisions;

¹ See Economic Analysis attached as Exhibit A.

- c. a \$1,000 equipment allowance per unit for multi-unit residential housing;
- d. the application of an economic feasibility study for general service applicants;
- e. elimination of all annual line extension facilities charges for new service applicants; and
- f. clarification as to the use by applicants of third-party contractors for construction.

2.4 Because the proposed Version 12 of Schedule 3 is similar to the Version of Schedule 3 in effect prior to July 1, 2007 (Version 8), the special "carve outs" for applicants would be eliminated and be replaced with one uniform policy.

2.5 For refundable advances made during 2006, 2007 or 2008, APS will extend the period such advances will remain refundable (i.e., not be forfeited) for an additional three (3) years beyond the term set forth in the individual line extension agreements.

2.6 Alternatively, if no APS facilities have actually been constructed to serve an applicant making a refundable advance in 2006, 2007 or 2008, the applicant may elect to cancel its line extension agreement with APS and receive a refund of the advance less any costs actually incurred by APS. Such applicant would thereafter be free to reapply for service under the terms of Schedule 3 then in effect.

III. COMMISSION EVALUATION OF PROPOSED AGREEMENT

3.1 The Signatories recognize that they do not have the power to bind the Commission.

3.2 This Agreement shall serve as a procedural device by which the Signatories will submit their proposed agreement on Schedule 3 disputed issues to the Commission.

3.3 The Signatories recognize that the Commission will independently consider and evaluate the terms of this Agreement. If the Commission issues an order adopting all material terms of proposed Version 12 of Schedule 3 and the Agreement, such action shall constitute Commission approval of the Agreement. Thereafter, the Signatories shall abide by the terms as approved by the Commission.

3.4 If the Commission fails to issue an order adopting all material terms of this Agreement, this Agreement shall become null and void, and Signatories may pursue without prejudice their respective remedies at law.

IV. MISCELLANEOUS PROVISIONS

4.1 This Agreement represents the Signatories' mutual desire to compromise and resolve disputed issues in a manner consistent with the public interest. The terms and provisions of this Agreement apply solely to and are binding only in the context of the purposes and results of this Agreement.

4.2 The acceptance by any Signatory of a specific element of this Agreement shall not be considered as precedent for acceptance of that element in any other context.

4.3 Nothing in this Agreement shall be construed as an admission by any Signatory as to the reasonableness or unreasonableness or lawfulness or unlawfulness of any position previously taken by any other Signatory in this proceeding.

4.4 No Signatory is bound by any position asserted in negotiations, except as expressly stated in this Agreement. No Signatory shall offer evidence of conduct or statements made in the course of negotiating this Agreement before this Commission, any other regulatory agency, or any court.

4.5 Neither this Agreement nor any of the positions taken in this Agreement by any of the Signatories may be referred to, cited, or relied upon as precedent in any proceeding before the Commission, any other regulatory agency, or any court for any purpose except in furtherance of securing the approval and enforcement of this Agreement.

4.6 To the extent any provision of this Agreement is inconsistent with any existing Commission order, rule, or regulation, this Agreement shall control if and when approved by the Commission. Nothing contained in this Agreement is intended to interfere with the Commission's authority to exercise any regulatory authority by the issuance of orders, rules or regulations.

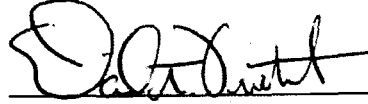
4.7 Each of the terms of this Agreement is in consideration of all other terms of this Agreement. Accordingly, the terms are not severable.

4.8 The Signatories shall make reasonable and good faith efforts necessary to obtain a Commission order approving this Agreement and Version 12 of Schedule 3. The Signatories shall support and defend this Agreement before the Commission. Subject to paragraph 3.4, if the Commission adopts an order approving all material terms of the Agreement, the Signatories will support APS's defense of the Commission's order before any court or regulatory agency in which it may be at issue.

4.9 This Agreement may be executed in any number of counterparts and by each Signatory on separate counterparts, each of which when so executed and delivered shall be deemed an original and all of which taken together shall constitute one and the same instrument. This Agreement may also be executed electronically or by facsimile.

Arizona Public Service Company

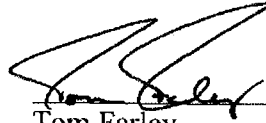
By



Daniel T. Froetscher
Arizona Public Service Company
VP Energy Delivery

Arizona Association of Realtors

By



Tom Farley

Arizona Association of Realtors

Chief Executive Officer

Home Builders Association of Central
Arizona

By

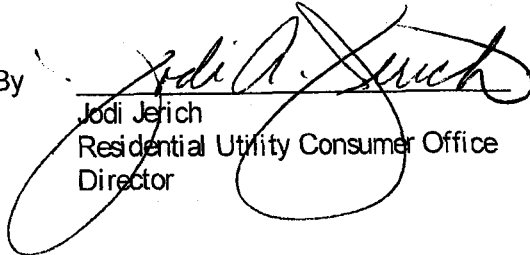
A handwritten signature in black ink, appearing to read "Connie Wilhelm", written over a horizontal line.

Connie Wilhelm, President
Home Builders Association of
Central Arizona

By Barbara Wyllie Pecora
Barbara Wyllie-Pecora

Residential Utility Consumer Office

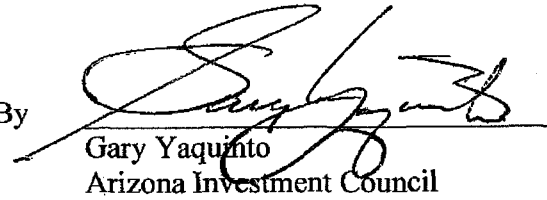
By



Jodi Jerich
Residential Utility Consumer Office
Director

Arizona Investment Council

By



Gary Yaquinto
Arizona Investment Council

IBEW Locals 387, and 769



By

5/18/11

Nicholas J. Enoch
Lubin & Enoch, P.C.
Attorneys for IBEW Locals 387, and
769

Arizona Public Service Company
Economic Analysis of Three-Year Cumulative Impact of Schedule 3 Proposal

	Customer Additions	Cost Per Customer	Revision 8 Single Free Footage/ Other EFS \$25,000 Cap	Proposed Single Free Footage/ Other Equip. Allow. \$10,000 Cap
Single Family	5,164	\$ 10,292	1,000	750
Subdivision	48,413	\$ 2,890	\$ -	\$ 3,500
Multi-family	10,974	\$ 1,255	\$ -	\$ 1,000
Non-Residential	10,449	\$ 15,446	\$ -	\$ 6,900
	<u>75,000</u>			
Revenue Requirement (1,000's)			\$ 2,830,314	\$ 2,830,314
Additional Rate Base (1,000's)			\$ 377,277	\$ 273,625
Incremental Rev. Req. & Fixed Costs (1,000's)				
Single Family			\$ 8,700	\$ 7,914
Subdivision			\$ 25,623	\$ 25,623
Multi-family			\$ 2,521	\$ 1,931
Non-Residential			\$ 29,557	\$ 12,689
Total Incremental Rev. Req. & Fixed Costs (1,000's)			\$ 66,401	\$ 48,158
Incremental Revenue Margin (1,000's)			\$ 31,740	\$ 31,740
Required Increase to Revenue Requirement (1,000's)			\$ 34,660	\$ 16,418
% Change			1.22%	0.58%
Average Residential Bill			\$ 131.66	\$ 131.66
Average Increase Per Bill			\$ 1.61	\$ 0.76
Average Commercial Bill			\$ 862.73	\$ 862.73
Average Increase Per Bill			\$ 10.53	\$ 5.00

Revision 8 - 1,000 Feet of Free Footage for Single Residential with a Cap of \$25,000, Equipment Allowance for Other Customer Groups

Proposed - 750 Feet of Free Footage for Single Residential with a Cap of \$10,000 and APS Financed Transformers, Equipment Allowance for Other Customer Groups

The average line extension is 537 feet.
The median line extension is 348 feet.

Redline



Exhibit B
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**SERVICE SCHEDULE 3
CONDITIONS GOVERNING EXTENSIONS OF
ELECTRIC DISTRIBUTION LINES AND SERVICES**

Provision of electric service from Arizona Public Service Company (Company) may require construction of new facilities or the relocation and/or upgrade of existing facilities. Costs for construction depend on the customer's applicant's location, scope of project, load size, and load characteristics and. Costs include, but are not limited to, project management, coordination, engineering, design, surveys, permits, construction inspection, and support services. This schedule establishes the terms and conditions under which Company will extend, relocate, and/or upgrade its facilities in order to provide service.

All facility installations and/or upgrades shall be made in accordance with good utility construction practices, as determined by Company, and are subject to the availability of adequate capacity, voltage and Company facilities at the beginning point of an extension as determined by Company.

The following provisions govern the installation of overhead and underground electric distribution facilities to customers or developers/applicants whose requirements are deemed by Company to be usual and reasonable in nature.

1. DEFINITIONS

a. _____

1.1. APS Approved Electrical Distribution Contractor means an electrical contractor who is licensed in the State of Arizona and properly qualified to install electric distribution facilities in accordance with Company standards and good utility construction practices as determined by Company.

1.2. Conduit Only Design means the conduit layout design for the installation of underground Extension Facilities that will be required to serve a project when the Extension Facilities are to be installed at a later date when service is requested.

1.3. b. Corporate Business and Industrial Development means a tract of land which has been divided into contiguous lots in which a developer offers improved lots for sale and the purchaser of the lot is responsible for construction of buildings for commercial and/or industrial use.

1.4. e. Doubtful Permanency means a customer who in the opinion of the Company is neither Permanent nor Temporary. Service which, in the opinion of the Company, is for operations of a speculative character is considered Doubtfully Permanent.

1.5. Economic Feasibility means a determination by Company that the estimated annual revenue based on Company's then currently effective rate for distribution service (excluding taxes, regulatory assessment and other adjustments) less the cost of service provides an adequate rate of return on the investment made by Company to serve the applicant.

1.6. Execution Date means the date Company signs the agreement after the applicant has signed the agreement and money has been collected by company.

1.7. Extension Facilities means the electrical facilities, ~~inclusive of including~~ conductors, cables, transformers, and meters, related equipment installed solely to serve an individual customer, developer/applicant, or groups of customers/applicants. For example, the Extension Facilities to serve a Residential Subdivision would consist of the line extension required to ~~tie connect~~ the subdivision to APSC/Company's existing system, as well as the ~~Electrical Facilities~~ Company's electrical facilities constructed within the subdivision which would include primary and service lines, and transformers, and meters.

1.8. d. High Rise and/or Mixed-Use Development means ~~buildings~~ a building built with four or more



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**SERVICE SCHEDULE 3
CONDITIONS GOVERNING EXTENSIONS OF
ELECTRIC DISTRIBUTION LINES AND SERVICES**

floors, (usually using elevators for accessing floors) or any mixed use development that may consist of either residential or non-residential use or both, such as a high-rise building where the first level is for commercial purposes and the upper floors are residential.

1.9. e. — ~~Irrigation~~ means water pumping service. ~~Agricultural pumping~~

1.10. ~~Line Extension Agreement~~ means ~~water pumping~~ the contractual agreement between Company and applicant that defines applicant payment requirements, terms of refund, scope of project, estimated costs, and construction responsibilities for farms and farm-related pumping used Company and the applicant. ~~Line Extension Agreements may be assigned to grow commercial crops or crop-related activity. Non-agricultural water pumping is pumping for purposes other than the growing of commercial crops, such as golf course irrigation or municipal water wells applicants successors in interest with Company approval, which approval shall not be unreasonably withheld.~~

f. —

1.11. ~~Master Planned Community Development~~ means a development that consists of a number of separately subdivided parcels for different "Residential Subdivisions" ~~Developments~~. The development may also incorporate a variety of uses including multi-family, non-residential, and public use facilities.

1.12. g. — ~~Permanent~~ means a customer who is a tenant or owner of a service location who applies for and receives electric service, which, in the opinion of the Company, is of a permanent and established character. ~~The use of electricity may be continuous, intermittent, or seasonal in nature. Permanency at the service location may be established by such things as city/county/state permits, a permanent water system, an approved sewer/septic system, or other permanent structures.~~

1.13. ~~Project-Specific Cost Estimate~~ means cost estimates that are developed recognizing the unique characteristics of large or special projects to which the Schedule of Charges is not applicable. A ~~Project-Specific Cost Estimate provided to an applicant is valid for a period of up to six (6) months from the date the estimate is provided to the applicant.~~

1.14. ~~Residential Custom Home "Lot Sale" Development~~ means a tract of land that has been divided into four (4) or more contiguous lots in which a developer offers improved lots for sale and the purchaser of the lot is responsible for construction of a residential home.

1.15. h. — ~~Residential Multi-Family Development~~ means a development consisting of apartments, condominiums, or townhouses.

1.16. ~~Residential Single Family~~ means a house, or a manufactured or mobile home Permanently affixed to a lot or site.

1.17. ~~Residential Subdivision~~ means a tract of land which has been divided into four (4) or more contiguous lots with an average size of one acre or less in which the developer is responsible for the construction of residential homes or permanent ~~manufactured or mobile home sites.~~

i. — ~~Residential Multi-family Development~~ means a development consisting of apartments, condominiums, or townhouses.

j. — ~~Residential Single Family~~ means a house, or a mobile home permanently affixed to a lot or site.

1.18. k. — ~~Statement~~ **Schedule of Charges** means the list of charges that is used to determine the applicant's cost responsibility for the Extension Facilities. ~~The Statement of Charges is attached to this Service~~



Exhibit B
Page 4 of 48

**SERVICE SCHEDULE 3
CONDITIONS GOVERNING EXTENSIONS OF
ELECTRIC DISTRIBUTION LINES AND SERVICES**

~~Schedule as Attachment 1.~~ An applicant requesting an extension will be provided a sketch showing the Extension Facilities and an itemized cost quote based on the ~~Statement of Charges or other applicable details.~~ ~~The Statement of Charges is not applicable to Extension Facilities requiring the relocation, modification, or upgrade of existing facilities or for non-residential customers with estimated loads over 3 megawatts, or that require 3,000 kVA of transformer capacity or greater, or special requests involving primary metering, or specialized or additional equipment for enhanced reliability.~~ When the ~~Schedule of Charges or other applicable details.~~ When the Schedule of Charges is not applicable, charges for Extension Facilities shall be determined by the Company based on ~~project-specific cost estimates~~ Project-Specific Cost Estimates. The Schedule of Charges is attached to this ~~Service Schedule as Attachment 1.~~ The Schedule of Charges will be reviewed and updated from time to time by Company with the Arizona Corporation Commission.

~~1.0~~—The Schedule of Charges is not applicable for the following:

- 1.18.1. Extension Facilities requiring modifications, removal, relocations or conversions of existing facilities in conjunction with a new extension or existing customer requested upgrade. The removal, replacement, conversion, and new Extension Facilities charges will be determined by a combination of Schedule of Charges and a Project-Specific Cost Estimate depending on the scope of the project and may include residual value costs as computed in accordance with the method described in A.R.S 40-347.
- 1.18.2. Extension Facilities required for modifications, relocations or conversions of existing facilities not in conjunction with a new extension or existing customer upgrade.
- 1.18.3. Extension Facilities for General Service applicants with estimated demand loads of three (3) megawatts or greater, or that require 3,000 kVA of transformer capacity or greater.
- 1.18.4. Extension Facilities required for High Rise and/or Mixed-Use Developments or Temporary service.
- 1.18.5. Extension Facilities involving spot networks, vault installations, primary metering, or specialized or additional equipment for enhanced reliability.
- 1.19. Temporary means premises or enterprises which are temporary in character, or where it is known in advance that the Extension Facilities will be of limited duration.

2. RESIDENTIAL

1.12.1. SINGLE FAMILY HOMES

Extension Facilities will be installed to new ~~permanent residential customers~~ applicants or groups of new ~~permanent residential customers.~~ For purposes applicants under the following conditions:

2.1.1. Free footage basis extensions are made under the following conditions:

- 2.1.1.1. The total footage of this section, a "group" shall be defined the Extension Facilities (primary, secondary, service) does not exceed 750 feet per applicant, or \$10,000; or
- 2.1.1.2. The total cost of the Extension Facilities as determined by Company is less than ~~four homes.~~ \$10,000 per applicant.

ARIZONA PUBLIC SERVICE COMPANY
Phoenix, Arizona
Filed by: -David J. Rumolo
Title: -Manager, Regulation and Pricing
Original Effective Date: -January 31, 1954

A.C.C. No. ~~XXXX5766~~
Canceling A.C.C. No. ~~57665695~~
Service Schedule 3
Revision No. ~~4412~~
Effective: ~~January 1, 2010~~XXXXXX



Exhibit B
Page 5 of 48

**SERVICE SCHEDULE 3
CONDITIONS GOVERNING EXTENSIONS OF
ELECTRIC DISTRIBUTION LINES AND SERVICES**

2.1.2. All additional construction costs over \$10,000 per applicant will be paid by applicant(s) as a non-refundable contribution in aid of construction.

2.1.3. Applicants who combine to form a group may also combine their allowance as specified in Sections 2.1.1.1 and 2.1.1.2.

1.1.2.1.4. The cost of extending service to applicant will be determined in accordance with the ~~Statement~~Schedule of Charges and/or combination of Schedule of Charges and a Project-Specific Cost Estimate depending on the scope of the project which shall exclude the cost of the transformer(s). Construction costs in excess of the allowances as described in 2.1.1.1 and 2.1.1.2 shall be paid by the applicant prior to the Company installing facilities. Payment is due at the time the extension agreement is executedLine Extension Agreement is signed by the applicant.

1.1.2 In instances where an applicant requests service directly from a customer funded extension constructed in accordance with Section 1.1.1 hereof, the initial applicant may be eligible for refund on a pro-rata basis for a portion of the initial extension cost related to the shared Extension Facilities. If the initial applicant no longer owns the property, the refund will be provided to the current property owner.

1.1.3 The first and second applicants connecting to an extension completed under the provisions of this Section will be required to pay a pro-rata share of the cost of the initial extension plus the costs attributable to the applicant's own extension.

1.1.4 In no event shall the total of refund payments made to the initial customer be in excess of the total amount originally paid by the initial customer.

1.1.5 The refund eligibility period shall be five years from the execution date of APS' line extension agreement to the initial applicant.

2.1.5. The applicant(s) signs a Line Extension Agreement.

2.1.6. The site plan has been approved and recorded in the county having jurisdiction.

2.1.7. The footage allowance of 750 feet and cap of \$10,000 shall be reviewed from time to time with the Arizona Corporation Commission.

2.1.8. Examples of the application of 2.1.1 and 2.1.2 can be found in Attachment 2 – Free Footage Illustrative Example.

1.2.2. RESIDENTIAL SUBDIVISION DEVELOPMENTS

Extension Facilities will be installed to residential subdivision Residential Subdivision developments of four (4) or more homes in advance of application for service by pPermanent customers provided under the following conditions:

2.2.1. The applicant(s) signs an extension agreement a Line Extension Agreement.

2.2.2. The subdivision development plat shall be has been approved and recorded in the county having jurisdiction.

2.2.3. The cost of extending service to applicant will be determined in accordance with the ~~Statement~~Schedule of Charges or combination of Schedule of Charges and shall be paid by the applicant a Project-Specific Cost Estimate depending on the scope of the project.



Exhibit B
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**SERVICE SCHEDULE 3
CONDITIONS GOVERNING EXTENSIONS OF
ELECTRIC DISTRIBUTION LINES AND SERVICES**

2.2.4. A signed Line Extension Agreement and advance payment of all project costs are required prior to the start of construction by the Company installing facilities. Payment is due at the time the extension agreementLine Extension Agreement is executedsigned by the applicant.

2.2.4.1. A portion of the project cost shall be designated as a refundable advance and will be eligible for refund based on the "per lot" allowance provisions of Section 2.2.5 and in accordance with Section 5.

2.2.4.2. In lieu of a cash payment for the refundable advance amount, the Company shall reserve the right to accept an alternative financial instrument, such as a Letter of Credit or Surety Bond based on the financial condition, or organizational structure of developer.

2.2.4.3. That portion of the project cost in excess of the refundable advance shall be non-refundable in addition to any other non-standard construction charges such as street lights.

2.2.5. The refundable advance will be eligible for refund based on a "per lot" allowance of \$3,500 for each Permanently connected residential customer over a five (5) year period. Refunds of refundable advances shall be governed by Section 5. The refund eligibility period shall be five (5) years from the date Company executes the Line Extension Agreement with the applicant. A review of the project will be conducted annually to determine subdivision buildout, and if the qualifications have been met for any refunds.

2.2.6. Examples of the application of 2.2.4 can be found in Attachment 3 – Residential Subdivision Illustrative Example.

1.3.2.3. RESIDENTIAL CUSTOM HOME "LOT SALE" DEVELOPMENTS

Extension Facilities will be installed for to residential "lot sale" custom home developments in advance of application for service by permanent customers, provided the Permanent applicants under the following conditions:

2.3.1. The applicant sign an extension agreement. The charges for (s) signs a Line Extension Facilities Agreement.

2.3.2. The development plat has been approved and recorded in the county having jurisdiction.

1.3.12.3.3. The cost of extending service to applicant will be determined in accordance with the Statement of Charges and shall be paid by the applicant Schedule of Charges or combination of Schedule of Charges and a Project-Specific Cost Estimate depending on the scope of the project. A signed Line Extension Agreement and advance payment of all project costs are required prior to the start of Company installing facilities construction. Payment is due at the time the extension agreementLine Extension Agreement is executedsigned by the applicant.

1.3.2 — Extension Facilities will be installed for each permanent customer upon request for service in accordance with Section 1.1 of this service schedule.

2.3.4. The applicant shall pay the total project estimated cost as a non-refundable contribution in aid of construction in addition to costs for street lights and other non-standard construction charges.



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~~1.3.3.2.3.5.~~ _____ Company will provide a "Conduit Only Design" provided applicant makes a payment in the amount equal to the estimated cost of the preparation of the design, in addition to the costs for any materials, field survey and inspections that may be required.

~~2.3.6.~~ Extension Facilities will be installed to individual applicants in accordance with provisions listed in Section 2.1.

~~1.4.2.4.~~ MASTER PLANNED COMMUNITY DEVELOPMENTS

~~1.4.1—~~ Extension Facilities will be installed to Master Planned Community Developments in advance of application for service by permanent customers, provided the applicant signs an extension agreement. The charges for Extension Facilities will be determined in accordance with the Statement of Charges and shall be paid by the applicant prior to the Company installing facilities. Payment is due at the time the extension agreement is executed by the applicant. Permanent applicants under the following conditions:

~~2.4.1.~~ The applicant(s) signs a Line Extension Agreement.

~~2.4.2.~~ The site development plan has been approved and recorded in the county having jurisdiction.

~~2.4.3.~~ The cost of extending service to applicant will be determined by a Project-Specific Cost Estimate based on the scope of the project. A signed Line Extension Agreement and advance payment of all project costs are required prior to the start of Company construction. Payment is due at the time the Line Extension Agreement is signed by the applicant.

~~2.4.4.~~ The applicant shall pay the total project estimated cost as a non-refundable contribution in aid of construction in addition to costs for street lights and other non-standard construction charges.

~~1.4.2.2.4.5.~~ Extension Facilities will be installed to each subdivided tract within the planned development in advance of application for service by permanent customers in accordance with the applicable sections of this Service Schedule.— 3.

~~1.5.2.5.~~ RESIDENTIAL MULTI-FAMILY DEVELOPMENTS

Extension Facilities will be installed to ~~multi-family apartment, condominium or townhouse developments~~ Residential Multi-Family Developments in advance of application for service by pPermanent customers ~~provided~~ under the following conditions:

~~2.5.1.~~ The applicant signs an extension agreement. ~~The charges for a~~ Line Extension Facilities Agreement.

~~2.5.2.~~ The site development plan has been approved and recorded in the county having jurisdiction.

~~2.5.3.~~ The cost of extending service to applicant will be determined in accordance with the ~~Statement~~ Schedule of Charges and shall be paid by the applicant or combination of Schedule of Charges and a Project-Specific Cost estimate depending on the scope of the project.

~~2.5.4.~~ A signed Line Extension Agreement and advance payment of all project costs are required prior to the start of Company installing facilities construction. Payment is due at the time the extension agreement ~~Line Extension Agreement is executed~~ signed by the applicant.



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2.5.4.1. A portion of the project cost shall be designated as a refundable advance and will be eligible for refund based on the "per unit" refundable allowance provisions of Section 2.5.4 and in accordance with Section 5.

2.5.4.2. In lieu of a cash payment for the refundable advance amount, the Company shall reserve the right to accept an alternative financial instrument, such as a Letter of Credit or Surety Bond based on the financial condition, or organizational structure of applicant.

2.5.4.3. That portion of the project cost in excess of the refundable advance shall be non-refundable in addition to any other non-standard construction charges such as street lights etc.

2.5.5. The refundable advance will be eligible for refund based on a "per unit" allowance of \$1,000 for each new meter installed over a five (5) year period. Refunds of refundable advances shall be governed by Section 5. The refund eligibility period shall be five (5) years from the date Company executes the Line Extension Agreement. A review of the project will be conducted annually to determine buildout and if the qualifications have been met for any refunds.

3. GENERAL SERVICE INCLUDING IRRIGATION

3.1. GENERAL PROVISIONS

3.1.1. Extension Facilities that do not meet the requirements under Section 2 Residential will be considered General Service and will be installed to all applicants who meet the qualifications under Sections 3 and 4 of this Service Schedule 3.

3.1.2. The project costs for General Service Extension Facilities installations will be determined in accordance with the Schedule of Charges or combination of Schedule of Charges and a Project-Specific Cost Estimate depending on the scope of the project. A signed Line Extension Agreement and any required payment as determined by an Economic Feasibility analysis are required prior to the start of Company construction. Payment is due at the time the Line Extension Agreement is signed by the applicant. The site development plan for the project for which the Line Extension has been requested must be approved and recorded in the county having jurisdiction prior to signing the Line Extension Agreement.

3.1.3. The cost for Extension Facilities installed for applicants with estimated demand loads of less than three (3) megawatts or less than 3,000 kVA of transformer capacity, will be determined in accordance with the Schedule of Charges or combination of Schedule of Charges and a Project-Specific Cost Estimate depending on the scope of the project. A signed Line Extension Agreement and any required payment as determined by an Economic Feasibility analysis are required prior to the start of Company construction. Payment is due at the time the Line Extension Agreement is signed by the applicant.

3.1.4. The cost for Extension Facilities installed for applicants with projected loads of three (3) megawatts or greater, requiring transformer capacity of 3,000 kVA and greater, special requests involving primary metering, or specialized/additional equipment for enhanced reliability shall be determined by the Company based on Project-Specific Cost Estimates. A signed Line Extension Agreement and any required payment as determined by an Economic Feasibility analysis are required prior to the start of Company construction. Payment is due at the time the Line Extension Agreement is signed by the applicant.

3.1.5. Economic Feasibility analysis for General Service applicants:



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3.1.5.1. Economic Feasibility for projects where the applicant's Extension Facilities cost (excluding non-refundable applicant contributions such as street lights and other non-standard construction charges) is \$25,000 or less shall be established where the estimated annual revenue based on Company's then currently effective rate for distribution service (excluding taxes, regulatory assessment and other adjustments) multiplied by six (6) is equal to or greater than the cost of the applicant's Extension Facilities.

3.1.5.2. Economic Feasibility for projects where the applicant's Extension Facilities cost (excluding non-refundable applicant contributions such as street lights and other non-standard construction charges) is greater than \$25,000 shall be established where the estimated annual revenue based on Company's then currently effective rate for distribution service (excluding taxes, regulatory assessment and other adjustments), less the cost of service, provides an adequate rate of return on the investment made by Company to serve the applicant.

3.1.5.3. Company may include a capacity factor component, as determined by Company, to the Economic Feasibility Analysis for applicants that request excess or redundant system capacity.

1-63.2. HIGH RISE AND/OR MIXED-USE DEVELOPMENTS

APS will provide service to this type of development at one point Extension Facilities will be installed to High Rise and/or Mixed-Use Developments in advance of application for service by Permanent applicants under the following conditions:

3.2.1. The residential units are privately owned and either individually metered or master metered in accordance with Section 7.10.

1-6.13.2.2. Extension Facilities will be installed to designated points of delivery and it is the applicant's responsibility to provide and maintain the electrical facilities within the building.

1-6.2 Extensions will be made to High Rise Developments where the residential units are privately owned and either individually metered or master metered in accordance with Section 5.11.

3.2.3. The applicant signs a Line Extension Agreement.

3.2.4. The site development plan has been approved and recorded in the county or city having jurisdiction.

3.2.5. The charges for Extension Facilities will be determined based on a Project-Specific Cost Estimate, and shall be paid by the applicant prior to Company installing facilities.

1-6.33.2.6. Prior to the ordering of specialized materials or equipment required to provide service applicant will be required to paymake an advance payment to the Company for the estimated cost of the material or equipment in accordance with Section 7.13 of this Service Schedule 3.

1-6.43.2.7. A signed Line Extension Facilities will be installed to High Rise Developments in Agreement and any required advance of application for service by permanent customers provided the applicant signs an extension agreement. The charges for Extension Facilities will be determined based on project specific requirements and shall be paid by the applicant payment are required prior to the start of Company installing facilities construction. Payment is due at the time the extension agreementLine Extension Agreement is executedsigned by the applicant.



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2.0 — NON RESIDENTIAL

- 2.0.1 — Extension Facilities will be installed for applicants not meeting the definition of Residential or as provided for in Section 2.1, or Section 3.0 of this Schedule. For applicants with estimated loads of less than 3 megawatts or less than 3,000 kVA of transformer capacity, the charges for Extension Facilities will be determined in accordance with the Statement of Charges and shall be paid by the applicant prior to the Company installing facilities. Payment is due at the time the extension agreement is executed by the applicant.
- 2.0.2 — The charges for Extension Facilities installed for applicants with projected loads of 3 megawatts or greater, or requiring transformer capacity of 3,000 kVA or greater or applicants requiring primary metering or specialized or additional equipment for enhanced reliability will be in accordance with a cost estimate determined by the Company based on project specific requirements. Payment is due at the time the extension agreement is executed by the applicant.
- 2.0.3 — Prior to the ordering of specialized materials or equipment required to provide service applicant will be required to pay the estimated cost of the material or equipment.
- 2.0.4 — In instances where an applicant requests service directly from a customer funded extension constructed in accordance with this Section 2.0, the initial applicant may be eligible for refund on a pro rata basis for a portion of the initial extension cost related to the shared Extension Facilities. If the initial applicant no longer owns the property, the refund will be provided to the current property owner.
- 2.0.5 — The first and second applicants connecting to an extension completed under the provisions of this Section will be required to pay a pro rata share of the cost of the initial extension plus the costs attributable to the applicant's own extension.
- 2.0.6 — In no event shall the total of refund payments made to the initial customer be in excess of the total amount originally paid by the initial customer.
- 2.0.7 — The refund eligibility period shall be five years from the execution date of APS' line extension agreement to the initial applicant.

3.3. 2.1 — CORPORATE BUSINESS & INDUSTRIAL PARK DEVELOPMENTS

Extension Facilities will be installed for made to Corporate Business ~~&and~~ Industrial Park Developments in advance of application for service by permanent customers provided Permanent customer under the following conditions:

3.3.1. The applicant signs an extension agreement. For applicants with estimated loads a Line Extension Agreement.

3.3.2. The site development plan has been approved and recorded in the county or city having jurisdiction.

2.1.13.3.3. The cost of less than 3 megawatts or less than 3,000 kVA of transformer capacity, the charges for installing Extension Facilities will be determined in accordance with the Statement Schedule



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~~of Charges or combination of Schedule of Charges and shall be paid by the applicant prior to the Company installing facilities. Payment is due at the time the extension agreement is executed by the applicant a project-specific cost estimate depending on the scope of the project.~~

~~The charges for Extension Facilities installed for applicants with projected loads of 3 megawatts or greater, or requiring transformer capacity of 3,000 kVA or greater or applicants requiring primary metering or specialized or additional equipment for enhanced reliability will be in accordance with a cost estimate determined by the Company based on project specific requirements. Payment is due at the time the extension agreement is executed by the applicant.~~

~~Prior to the ordering of specialized materials or equipment required to provide service applicant will be required to pay the estimated cost of the material or equipment.~~

3.3.4. The applicant shall pay the total project estimated cost as a non-refundable contribution in aid of construction in addition to costs for street lights and other non-standard construction charges.

3.3.5. Payment of all project costs is required prior to the start of Company construction. Payment is due at the time the Line Extension Agreement is signed by the applicant.

3.3.6. Company will provide a "Conduit Only Design" provided applicant makes a payment in the amount equal to the estimated cost of the preparation of the design, in addition to the costs for any materials, field survey and inspections that may be required.

~~2.1.23.3.7. Extension Facilities will be installed to individual lots (applicants/customers at the request of an applicant) within the Corporate and Business and Industrial Park Development in accordance with the applicable sections of this Service Schedule 3.~~

4. 3.0 OTHER CONDITIONS

3.1 IRRIGATION CUSTOMERS

~~Extension Facilities will be installed for Irrigation Customers provided the applicant signs an extension agreement. The charges for Extension Facilities will be determined in accordance with the Statement of Charges and shall be paid by the applicant prior to the Company installing facilities. Payment is due at the time the extension agreement is executed by the applicant. Non agricultural irrigation pumping service to permanent customers will be extended as specified in Section 2. Non-agricultural irrigation pumping service to temporary or doubtful permanency customers will be extended as specified in Section 3.2 or 3.3 below, as applicable.~~

4.1. 3.2 TEMPORARY CUSTOMERS/APPLICANTS

4.1.1. Where a temporary meter or construction is Temporary Extension Facilities are required to provide service to the applicant, the applicant shall make a non-refundable payment in advance of installation or construction equal to the cost of installing and removing of the facilities required to provide in providing Temporary service, less the salvage value of such facilities. Charges will be in accordance with a cost estimate determined by the Company based on project specific requirements a Project-Specific Cost Estimate. Payment is due at the time the extension agreement Line Extension Agreement is

ARIZONA PUBLIC SERVICE COMPANY
Phoenix, Arizona
Filed by: -David J. Rumolo
Title: -Manager, Regulation and Pricing
Original Effective Date: -January 31, 1954

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Service Schedule 3
Revision No. -4412
Effective: -January 1, 2010XXXXXX



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~~executed~~signed by the applicant.

4.1.2. When ~~the use of the Temporary service is discontinued or agreement for service is terminated,~~
Company may dismantle ~~and remove~~ its facilities ~~and the materials and equipment provided by~~
~~Company will be salvaged,~~ and ~~the materials and equipment provided by Company will remain~~
Company property.

4.2. ~~3.3~~ — DOUBTFUL PERMANENCY CUSTOMERS

When, in the opinion of Company, permanency of the applicant's residence or operation is doubtful, the applicant will be required to pay the total cost of the Extension Facilities. The cost of extending service to applicant will be determined in accordance with the Schedule of Charges or combination of Schedule of Charges and a Project-Specific Cost Estimate. The applicant shall pay the total project estimated cost as a non-refundable contribution in aid of construction in addition to costs for street lights and other non-standard construction charges.

4.2.1. Payment of all project costs is required prior to the start of Company construction. Payment is due at the time the Line Extension Agreement is signed by the applicant.

4.3. MUNICIPALITIES AND OTHER GOVERNMENTAL AGENCIES

Relocation of existing facilities and/or Extension Facility installations required to serve ~~the loads of~~ municipalities or other governmental agencies may be constructed prior to the receipt of ~~an executed extension agreement—a signed Line Extension Agreement.~~ However, this does not relieve the municipality or governmental agency of the responsibility for payment of the ~~extension~~Extension Facilities costs in accordance with the applicable sections of this Service Schedule ~~3.~~

4.0 — The effective date for projects enacted under this provision for purposes of Section 5 shall be the date the municipality or agency provided written approval to the Company to proceed with construction.

5. REFUNDS

5.1. GENERAL REFUND CONDITIONS

5.1.1. No refund will be made to any applicant for an amount more than the un-refunded balance of the applicant's refundable advance.

5.1.2. Company reserves the right to withhold refunds to any applicant who is delinquent on any account, agreement, or invoice, including the payment of electric service, and may apply these refund amounts to past due bills.

5.1.3. The refund eligibility period shall be five (5) years from the date Company executes the Line Extension Agreement with the applicant. Any un-refunded advance balance shall become a non-refundable contribution in aid of construction five (5) years from the Execution Date of the agreement.

5.1.4. Refunds will be mailed to the applicant of record noted on the executed agreement no later than 60-days from the annual review date.

6. UNDERGROUND CONSTRUCTION

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6.1. 4.1 — GENERAL UNDERGROUND CONSTRUCTION POLICY -

With respect to all underground installations pursuant to a Line Extension Agreement, Company ~~may~~will install underground facilities only if all of the following conditions are met:

- 6.1.1. 4.1.1 — ~~The extension meets~~Extension Facilities meet all requirements as specified in Sections 1-0, 2-0, ~~or~~, 3-0, or 4 of this Service Schedule 3.
- 6.1.2. 4.1.2 — ~~The customer or applicant(s) provides all earthwork~~earth-work including, but not limited to, trenching, boring or punching, backfill, compaction, and surface restoration in accordance with Company specifications. ~~Customer or applicant(s) may hire contractors to perform this work, and signs a trench agreement.~~
- 6.1.3. 4.1.3 — ~~The customer or applicant(s) provides installation of equipment pads, pull-boxes, manholes, and conduits, and appurtenances as required and~~ in accordance with Company specifications.
- 6.1.4. 4.1.4 — ~~In lieu of customer or applicant(s) providing these services and equipment, the applicant may pay Company may to provide and the customer or applicant(s) will make these services and equipment as a non-refundable contribution in aid of construction. The payment will equal to the cost of such work plus any administrative or inspection fees incurred by Company. Customers or applicants~~ Applicants electing this option will be required to sign an agreement indemnifying and holding ~~APSC~~Company harmless against claims, liabilities, losses or damage (Claims) asserted by a person or entity other than ~~APS~~Company's contractors, which Claims arise out of the trenching and conduit placement, provided the ~~e~~Claims are not attributable to ~~APS~~the Company's gross negligence or intentional misconduct.

7. 5.0 — GENERAL CONDITIONS

7.1. 5.1 — VOLTAGE

- 7.1.1. All Extension Facility installations will be designed and constructed for operation at standard voltages used by Company in the area in which the ~~extension is~~Extension Facilities are located. ~~At the request of applicant, Company may, at its option, deliver service for special applications of non-standard or higher voltages with prior approval from Company's Engineering Department.~~ aApplicant will be required to pay the costs of any required studies as a non-refundable payment.
- 7.1.2. Extension Facilities installed at higher voltages ~~are~~will be limited to serving an applicant operating as one integral unit under the same name and as part of the same business on adjacent and contiguous sites not separated by private property owned by another party or separated by public property or public right of way.

7.2. 5.2 — POINT OF DELIVERY

- 7.2.1. 5.2.1 — For overhead service, the point of delivery shall be where Company's service conductors terminate at the ~~customer's~~applicant's weatherhead or bus riser.
- 7.2.2. 5.2.2 — For underground service, the point of delivery shall be where Company's service conductors terminate in the ~~customer's~~applicant's or development's service equipment. ~~The customer~~applicant shall furnish, install and maintain any risers, raceways and/or termination cabinets necessary for the installation of Company's underground service conductors.

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~~7.2.3. 5.2.3~~ — For special applications where service is provided at voltages higher than the standard voltages specified in the APS Electric Service Requirements Manual, APS Company and customer/applicant shall mutually agree upon the designated point of delivery.

7.3. 5.3 — EASEMENTS

All suitable easements or rights-of-way required by Company for any portion of the extension which is either on premises owned, leased or otherwise controlled by the ~~customer or developer/applicant~~ or other property required for the ~~extension~~ Extension Facilities, shall be ~~conveyed~~ provided to the Company in Company's name by the ~~customer/applicant~~ without cost to or condemnation by Company ~~and in reasonable time prior to meet proposed service requirements.~~ commencement of Company's construction of Extension Facilities. All easements or rights-of-way obtained on behalf of Company shall contain such terms and conditions as are acceptable to Company.

7.4. 5.4 — GRADE MODIFICATIONS

If ~~subsequent to~~ after construction of ~~electric facilities~~ Extension Facilities, the final grade of the property established by the ~~customer or developer/applicant~~ is changed in such a way as to require relocation of Company facilities, or the ~~customer's/applicant's~~ actions or those of his contractor results in damage to such facilities, the cost of replacement, relocation and/or resulting repairs shall be borne by ~~customer or developer/applicant~~ as a non-refundable contribution in aid of construction.

7.5. 5.5 — OWNERSHIP

Except for ~~customer-applicant~~ owned facilities, all ~~electric facilities~~ Extension Facilities installed in accordance with this Service Schedule 3 will be owned, operated, and maintained by Company.

~~5.6~~ —

7.6. MEASUREMENT AND LOCATION

7.6.1. 5.6.1 — Measurement must be along the proposed route of construction.

7.6.2. 5.6.2 — Construction will be on public streets, roadways, highways, or easements acceptable to Company.

7.6.3. 5.6.3 — The ~~extension~~ Extension Facilities must be a branch from, the continuation of, or an addition to, ~~the~~ Company's existing distribution facilities.

7.7. 5.8 — UNUSUAL CIRCUMSTANCES

In unusual circumstances as determined by Company, when the application and provisions of this ~~policy~~ Service Schedule 3 appear impractical, or in case of extension of lines to be operated on voltages other than specified in the applicable rate schedule, or when ~~customer's/applicant's~~ estimated demand load will exceed 3,000 kW, Company ~~will~~ may make a special study of the conditions to determine the basis on which service may be provided. Additionally, Company may require special contract arrangements as provided for in ~~Section 1.1 of the~~ Company's Service Schedule 1, Terms and Conditions for Standard Offer and Direct Access Service.

7.8. 5.9 — ABNORMAL LOADS



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Company, at its option, may ~~make extensions~~ install Extension Facilities to serve certain abnormal loads (such as: ~~transformer-~~ type welders, x-ray machines, wind machines, excess capacity for test purposes and loads of unusual characteristics) and the costs of any distribution system modifications or enhancements required to serve the ~~customer~~ applicant will be included in the payment described in previous sections of this Service Schedule 3.

7.9. 5.10 — UPGRADES, RELOCATIONS AND/OR CONVERSIONS

7.9.1. 5.10.1 — Company will upgrade, relocate or convert from overhead to underground its facilities for the ~~customer's~~ applicant's convenience or aesthetics. The cost of upgrades, relocations or ~~conversion~~ conversions not in conjunction with a new extension or existing customer upgrade will be as determined by a Project-Specific Cost Estimate and may include residual value costs as computed in accordance with the Company by a detailed estimate will be included in the ~~payment~~ method described in previous sections of this Service Schedule A.R.S Section 40-347.

5.10.27.9.2. When the relocation of Company facilities involves “prior rights” conditions, the ~~customer~~ applicant will be required to make payment equal to the estimated cost of relocation as determined by ~~the Company by a cost estimate.~~ a Project-Specific Cost Estimate. In addition applicant shall be required to provide similar “rights” for the relocated facilities.

7.10. 5.11 — MASTER METERING

7.10.1. 5.11.1 — Mobile Home Parks -

Company shall refuse service to all new construction and/or expansion of existing ~~p~~ Permanent residential mobile home parks unless the construction and/or expansion ~~is~~ are individually metered by Company.

7.10.2. 5.11.2 — Residential Apartment Complexes, Condominiums—

Company shall refuse service to all new construction of apartment complexes and condominiums which are master metered unless the builder or developer can demonstrate that the installation meets the provisions of R14-2-205 of the Arizona Corporation Commission’s Rules and Regulations or the requirements discussed in ~~5.11.7.10.3~~ 7.10.3 below.- This section is not applicable to Senior Care/Nursing Centers registered with the State of Arizona with independent living units which provide packaged services such as housing, food, and nursing care.

7.10.3. 5.11.3 — Multi-Unit High Rise Residential Developments—

7.10.3.1. Company will allow master metering for high rise residential units where the residential units are privately owned provided the building will be served by a centralized heating, ventilation and/or air conditioning system, and each residential unit shall be individually sub-metered and responsible for energy consumption of that unit.

~~5.11.3.17.10.3.2.~~ 7.10.3.2. Sub-metering shall be provided and maintained by the builder or homeowners association.

7.10.3.3. 5.11.3.2 — Responsibility and methodology for determining each unit’s energy billing shall be clearly specified in the original bylaws of the homeowners association, a copy of which



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must be provided to Company prior to Company ~~providing the initial extension~~ installing Extension Facilities.

~~5.11.47.10.3.4.~~ Company will convert its facilities from a master metered system to a Permanent individually metered system at the customer's/applicant's request provided the customer/applicant makes a payment non-refundable contribution in aid of construction equal to the residual value plus the removal costs less salvage of the master meter facilities to be removed. The new facilities to serve the individual meters will be extended on the basis specified in Section 1 of this Service Schedule 3. Applicant is responsible for all costs related to the installation of new service entrance equipment.

7.11. ~~5.12~~—CHANGE IN CUSTOMER'S/APPLICANT'S SERVICE REQUIREMENTS

Company will rebuild, modify, or upgrade its existing facilities to meet the customer's/applicant's added load or change in service requirements. ~~When on the applicant authorizes Company to proceed with construction of the extension, the payment will be credited to the cost of the extension otherwise the payment shall be non-refundable.~~ basis specified in Section 2, 3, or 4. Charges for such changes will be in accordance with a cost estimate the Schedule of Charges and/or a Project-Specific Cost Estimate determined by the Company based on project-specific requirements.

7.12. ~~5.13~~—STUDY AND DESIGN PAY/AGREEMENT

Any applicant requesting Company to prepare special studies or detailed plans, specifications, or cost estimates will be required to make a payment to Company ~~an amount equal to the estimated cost of preparation~~ in an amount equal to the estimated cost of preparation. When the applicant authorizes Company to proceed with construction of the Extension Facilities, the payment will be credited to the cost of the Extension Facilities otherwise the payment shall be non-refundable. Company will prepare, without charge, a preliminary sketch and rough estimate of the cost to be paid by the applicant upon request.

7.13. MATERIAL ORDER AGREEMENT

Any applicant requesting Company to enter into a Line Extension Agreement, or relocation agreement which requires either large quantities of material or material and equipment which the Company does not keep in stock will be required to make a payment to Company prior to the material being ordered in an amount equal to the material/equipment's estimated cost. When the applicant authorizes Company to proceed with construction of the extension, the payment will be credited to the cost of the extension; otherwise the payment shall be non-refundable. ~~Company will prepare, without charge, a preliminary sketch and rough estimate of the cost to be paid by the applicant upon request.~~

7.14. INTEREST

All refundable advances made by the applicant to the Company shall be non-interest bearing.

7.15. APPLICANT CONSTRUCTION OF COMPANY DISTRIBUTION FACILITIES

7.15.1. Applicant may provide construction related labor only services associated with the installation of new distribution line facilities (21 kV and below) to serve the applicant's new or added load provided the applicant receives written approval from Company prior to performing any such services and uses electrical contractors who are qualified and licensed in the State of Arizona to construct such



SERVICE SCHEDULE 3
CONDITIONS GOVERNING EXTENSIONS OF
ELECTRIC DISTRIBUTION LINES AND SERVICES

Exhibit B
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facilities and designated as an APS Approved Electrical Distribution Contractor.

This option is not available for the following:

- 7.15.1.1. Replacement, modifications, upgrades, relocation, or conversions of existing systems.
- 7.15.1.2. Where all or a portion of the distribution line facilities are to be constructed on or installed on existing distribution line or transmission lines.
- 7.15.2. All construction services provided by the applicant shall be subject to inspection by a duly authorized Company representative and shall comply with Company designs, construction standards, and other requirements which may be in effect at the time of construction. Any work found to be substandard in the sole opinion of the Company must be corrected by applicant prior to energization by Company.
- 7.15.3. Applicant shall reimburse Company for all inspection and project coordination costs as a non-refundable contribution in aid of construction. Estimated costs for inspection and project coordination will be identified in the construction agreement executed by Company and applicant.
- 7.15.4. Costs for Extension Facilities for applicants who provide construction of Company distribution facilities shall be based on a Project-Specific Cost Estimate.
- 7.15.5. A signed agreement and advance payment of all project costs are required prior to the start of applicant construction. Payment is due at the time the agreement is signed by the applicant.
- 7.15.6. For applicants that are not served by the terms in Section 3 of this document, Company shall provide a Project-Specific Cost Estimate. Applicants may submit an invoice detailing costs of Extension Facilities and apply any allowance provided in Section 2 to these costs. At no point shall these costs exceed the Company's Project-Specific Cost Estimate.
- 7.15.7. Applicants served by the terms in Section 3 of this document shall be subject to the rules set forth in Sections 3 and 5.14

7.16. SETTLEMENT OF DISPUTES

Any dispute between the ~~customer~~ applicant or prospective ~~customer~~ applicant and Company regarding the interpretation of these "Conditions Governing Extensions of Electric Distribution Lines and Services" may, by either party, be referred to the Arizona Corporation Commission or a designated representative or employee thereof for determination.

7.17. ~~5.15~~—LINE EXTENSION AGREEMENTS

All facility installations or equipment upgrades requiring payment by an applicant ~~or customer~~ shall be in writing and signed by both the applicant ~~or customer~~ and Company.

7.18. ~~5.16~~—ADDITIONAL PRIMARY FEED OR SPECIALIZED EQUIPMENT

When specifically requested by an applicant ~~or customer~~ to provide an alternate primary feed ~~or specialized equipment~~ (excluding transformation), Company will perform a special study to determine the feasibility of the request. The applicant ~~or customer~~ will be required to pay for the ~~added-cost as well as the applicable~~

ARIZONA PUBLIC SERVICE COMPANY
Phoenix, Arizona
Filed by: -David J. Rumolo
Title: -Manager, Regulation and Pricing
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Service Schedule 3
Revision No. ~~4412~~
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**SERVICE SCHEDULE 3
CONDITIONS GOVERNING EXTENSIONS OF
ELECTRIC DISTRIBUTION LINES AND SERVICES**

~~rate for of the additional feed requested- as a non-refundable contribution in aid of construction. Installation cost will be based on a cost estimate based on project specific requirements. Project-Specific Cost Estimate. Payment for the installation of facilities~~ Extension Facilities is due at the time the facilities agreement ~~Line Extension Agreement is executed~~ signed by the applicant.

~~5.17~~ **POLICY EXCEPTION**

The Schedule 3 as stated herein is applicable to all applicants and customers unless specific exemptions are approved by the Arizona Corporation Commission. The following exemptions have been approved:

~~5.17.1~~ **Residential Homes on Native American Land**

Extensions for residential homes on Native American Reservations will be made in accordance with the provisions of Service Schedule 3 that was in effect April 1, 2005 through June 30, 2007. Application of this Section 5.17.1 is limited to Native American Reservations as defined by applicable Federal law.

~~5.17.2~~ **Individual Residence Extension for Residences Owned by Limited Income Owners**

Extensions for residential homes where the Applicant's income is below 150 percent of the federal poverty level will be made in accordance with the provisions of Service Schedule 3 that was in effect April 1, 2005 through June 30, 2007. Application of this Section 5.17.2 is limited to instances where each of the following circumstances is present: 1) the requested extension is to land that is currently owned by the Applicant whose income is below 150% of the Federal poverty level; 2) the land was purchased by the current owner before the effective date of Decision No. 69663 (June 28, 2007); and 3) the requested extension is for the Applicant's personal residential use. Applicant must provide proof that is acceptable to the Company that the Applicant meets the eligibility criteria described in this Section.



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**SERVICE SCHEDULE 3
CONDITIONS GOVERNING EXTENSIONS OF
ELECTRIC DISTRIBUTION LINES AND SERVICES**

ATTACHMENT 1
SCHEDULE OF CHARGES - SINGLE PHASE

APS Schedule #3, Line Extension Statement of Charges
Single Phase Extension Costs, Year 2010

Primary Single Phase	Overhead		Underground		Pad Mount Switch Gear
	Cost per Circuit Foot	Cost per Circuit Foot	Pull Box		
	\$15.32	\$5.75	\$7.19		\$3,770
Transformer Single Phase	SES Size	Transformer Size	Overhead	Underground Padmount	
	200 Amp	25kVA	\$3,324	\$3,393	
	200 Amp	50kVA	\$4,160	\$4,740	
	400 Amp	50kVA	\$4,160	\$4,740	
	600 Amp	75kVA	\$5,633	\$5,649	
800 Amp	100kVA	\$7,152	\$6,754		
Services Single Phase	Service Size	Service Line per Circuit Foot	Overhead	Underground	
	Res & Non-Res Residential	200 Amp	\$4.57	\$2.79	
	Non-Residential	400 Amp	\$8.58	\$3.27	
	Res & Non-Res	400 Amp	\$8.58	\$3.27	
	Res & Non-Res	600 Amp	\$17.16	\$6.54	
		800 Amp	\$25.74	\$9.87	

Notes:
 1) Extension Facilities that do not qualify for the Statement of Charges will be determined by a project specific cost estimate.
 2) Cost per foot charges will be determined from termination at the source to the next device in the circuit. Footage for each circuit will be summed to determine charges.



**SERVICE SCHEDULE 3
CONDITIONS GOVERNING EXTENSIONS OF
ELECTRIC DISTRIBUTION LINES AND SERVICES**

**ATTACHMENT 1
SCHEDULE OF CHARGES — THREE PHASE**

ARIZONA PUBLIC SERVICE COMPANY
Phoenix, Arizona
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**SERVICE SCHEDULE 3
CONDITIONS GOVERNING EXTENSIONS OF
ELECTRIC DISTRIBUTION LINES AND SERVICES**

**APS Schedule #3 Line Extension Statement of Charges
Three Phase Extension Costs, Year 2010**

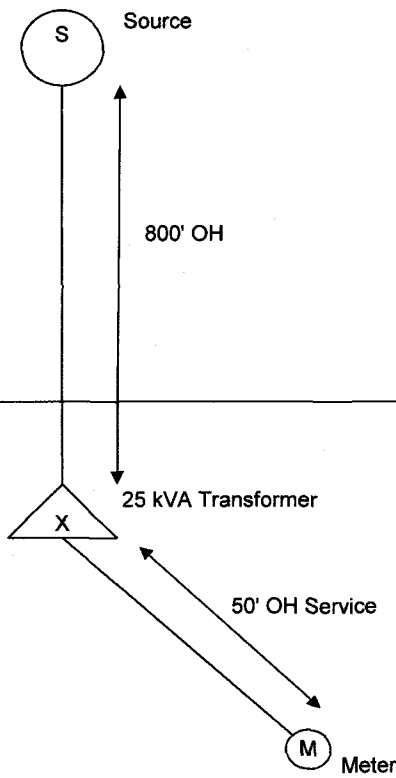
Feeder Three Phase	Overhead				Underground			
	Cost per Circuit Foot (\$34.33)	Cost per Circuit Foot (\$24.73)	Pull Box (1 Circuit)	Manhole (1 Circuit)	Cost per Circuit Foot (\$47.06)	Pull Box (2 Circuits)	Manhole (2 Circuits)	Pad Mount Switch Gear (\$15,519)
Primary Three Phase	Overhead				Underground			
	Cost per Circuit Foot (\$21.98)	Cost per Circuit Foot (\$16.66)	Pull Box (\$1,284)	Pad Mount Switch Gear (\$15,519)				
Transformer Three Phase	Overhead				Underground			
	SES Size	120/208 Volts	277/480 Volts	Underground Padmount	120/208 Volts	277/480 Volts	Underground Padmount	
	200 Amp	3-25KVA \$8,839	3-50KVA \$9,063		120.5KVA \$12,472	112.5KVA \$13,277		
	400 Amp	3-50KVA \$11,349	3-75KVA \$11,033		112.5KVA \$12,472	225KVA \$15,841		
	600 Amp	3-50KVA \$11,349	3-100KVA \$11,545		150KVA \$14,682	300KVA \$17,823		
	800 Amp	3-75KVA \$15,753			225KVA \$15,692	500KVA \$19,870		
	1000 Amp	3-75KVA \$15,753			225KVA \$15,692	500KVA \$19,870		
	1200 Amp	3-100KVA \$20,112			300KVA \$18,413	750KVA \$25,391		
	1600 Amp	3-167KVA \$23,638			500KVA \$21,843	1000KVA \$25,642		
	2000 Amp				500KVA \$21,843	1000KVA \$25,642		
3000 Amp				750KVA \$23,415	1500KVA \$39,086			
Services Three Phase	Service Line per Circuit Foot		Service Line per Circuit Foot		Service Line per Circuit Foot		Service Line per Circuit Foot	
	Size	Overhead	Underground	Size	Overhead	Underground	Size	Overhead
	200 Amp	\$3.43	\$5.10	1200 Amp	\$29.76	\$31.65		
	400 Amp	\$9.40	\$10.18	1600 Amp	\$29.76	\$50.64		
	600 Amp	\$14.88	\$11.42	2000 Amp		\$50.64		
800 Amp	\$14.88	\$25.32	2500 Amp		\$82.31			
1000 Amp	\$29.76	\$25.32	3000 Amp		\$88.62			

Notes:
 1) Extension Facilities that do not qualify for the Statement of Charges will be determined by a project specific cost estimate.
 2) Cost per foot charges will be determined from termination at the source to the next device in the circuit. Footage for each circuit will be summed to determine charges.
 3) For Multiple services out of one three phase transformer, the service cost will be determined by each SES and the transformer cost will be determined from the combined of each SES size in amps, rounded up to the nearest SES size, limited to a combined maximum of 3,000. amps.



**SERVICE SCHEDULE 3
CONDITIONS GOVERNING EXTENSIONS OF
ELECTRIC DISTRIBUTION LINES AND SERVICES**

Customer A

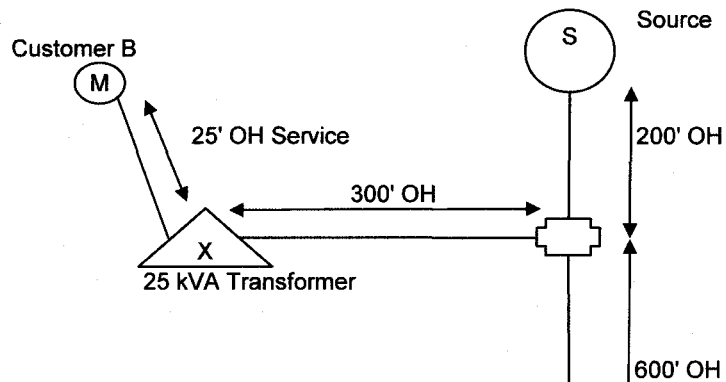


Cost per Statement of Charges	
800' OH @ \$15.32/ft = \$	12,256
25 kVA OH Transformer (X) = \$	3,324
50' OH Service @ \$4.57/ft = \$	229
Total Charge = \$	15,809



**SERVICE SCHEDULE 3
CONDITIONS GOVERNING EXTENSIONS OF
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**Customer B
Added to Extension Funded by Customer A**



Cost per Statement of Charges

1/2 of 200' OH @ \$15.32/ft =	\$ 1,532
300' OH @ \$15.32/ft =	\$ 4,596
25 kVA OH Transformer (X) =	\$ 3,324
25' OH Service @ \$4.57/ft =	\$ 114
Total Charge =	\$ 9,566

Customer A will receive a refund of \$1,532.

Customer A (M)



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**SERVICE SCHEDULE 3
CONDITIONS GOVERNING EXTENSIONS OF
ELECTRIC DISTRIBUTION LINES AND SERVICES**

GRANDFATHERING

An applicant that has entered into a Line Extension Agreement with the Company under a previous revision of this Service Schedule 3 may at applicant's request cancel the agreement, provided the Company has not installed any facilities pursuant to the agreement, and provided that applicant reimburses Company for the costs and expenses it has incurred to date, as a non-refundable contribution in aid of construction. The applicant may then enter into a new Line Extension Agreement with the Company under this revision of Service Schedule 3.

ARIZONA PUBLIC SERVICE COMPANY
Phoenix, Arizona
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**SERVICE SCHEDULE 3
CONDITIONS GOVERNING EXTENSIONS OF
ELECTRIC DISTRIBUTION LINES AND SERVICES**

**Attachment 1
Schedule of Charges – Single Phase**

**APS Schedule 3, Line Extension Schedule of Charges
Single Phase Extension Costs**

Single Phase	OH Primary		UG Primary			OH Secondary		UG Secondary	
	Cost per Circuit Foot	Cost per Circuit Foot	Full Box	Pad Mount Junction Cabinet	OH/UG Transition	Secondary Pole	OH/UG Secondary Transition	J Box	
	\$15.00	\$8.00	\$705	\$2,682	\$1,183	\$2,339	\$681	\$98.54	
OVERHEAD Single Phase	SES Size	Transformer Size, 120/240V	Service wire/Linear Ft.						
	200 Amp	25kVA	\$3,657	\$4.89					
	200 Amp	50kVA	\$4,439	\$9.02					
	400 Amp	50kVA	\$4,439	\$9.02					
	600 Amp	75kVA	\$5,475	\$18.23					
	800 Amp	100kVA	\$7,699	\$18.23					
UNDERGROUND Single Phase	SES Size	Transformer Size, 120/240V	Service wire/Linear Ft.						
	200 Amp	25kVA	\$3,764	\$3.65					
	200 Amp	50kVA	\$4,498	\$4.36					
	400 Amp	50kVA	\$4,498	\$4.36					
	600 Amp	75kVA	\$5,266	\$8.71					
	800 Amp	100kVA	\$6,270	\$16.68					

- Notes:**
- 1) Extension Facilities that do not qualify for the Schedule of Charges will be determined by a project specific cost estimate.
 - 2) Cost per foot charges will be determined from termination at the source to the next device in the circuit. Linear footage for each circuit will be summed to determine charges.
 - 3) Pad Mount switch gear is a single phase termination cabinet.
 - 4) Primary OH cost per foot is for one phase and a neutral or two phases and no neutral, includes poles, framing, 2R conductor
 - 5) Charges for services are based on linear feet from Transformer to SES regardless of the number of sets. J Boxes not included in footage cost.
 - 6) All footages to be calculated by linear footages
 - 7) Transition is from the OH line to the UG line, which includes wire down pole and accessories. Pole NOT included.

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**SERVICE SCHEDULE 3
CONDITIONS GOVERNING EXTENSIONS OF
ELECTRIC DISTRIBUTION LINES AND SERVICES**

**Attachment 1
Schedule of Charges – Three Phase**

**APS Schedule 3, Line Extension Schedule of Charges
Three Phase Extension Costs**

FEEDER Three Phase	Overhead		Underground		Pull Box (3-750)	Manhole (3-750)	Cost per Circuit Foot (3-750)	Pull Box (3-750)	Manhole (3-750)	Cost per Circuit Foot (3-750)	Pull Box (4-750)	Manhole (4-750)	Cost per Circuit Foot (4-750)	Pull Mount Switch Gear	Cost per Circuit Foot 1100A Cable (5-1100)	Cost per Circuit Foot 1100A Cable (6-1100)
	Cost per Circuit Foot	Each Installation	Cost per Circuit Foot	Each Installation												
	\$21.34	\$24.03	\$18.322	\$48.08	\$6,164	\$14,933	\$16,948	\$6,164	\$14,933	\$16,948	\$7,480	\$16,948	\$7,480	\$16,948	\$64.70	\$64.70
OH/UG Transition		Each Installation		Each Installation			Each Installation			Each Installation			Each Installation			Each Installation
		\$4,701		\$3,200			\$3,200			\$3,200			\$3,200			\$4,987
PRIMARY Three Phase			Underground													
	Cost per Circuit Foot	Cost per Circuit Foot (3-100T)	Cost per Circuit Foot (3-497T)	Cost per Circuit Foot (3-497T)	Pull Box	Pull Box	Pull Mount Switch Gear	Pull Box	Pull Box	Pull Mount Switch Gear	Pull Box	Pull Box	Pull Mount Switch Gear	Pull Mount Switch Gear		
	\$21.24	\$17.87	\$28.91	\$28.91	\$1,257	\$1,257	\$16,948	\$1,257	\$1,257	\$16,948			\$16,948			
OH/UG Transition		Each Installation	Each Installation	Each Installation	Each Installation	Each Installation	Each Installation	Each Installation	Each Installation	Each Installation	Each Installation	Each Installation	Each Installation	Each Installation	Each Installation	Each Installation
		\$2,788	\$2,833	\$2,833												
OVERHEAD Three Phase																
	SES Size	Transformer Size	120/208 Volts	Service wire/Linear Ft.	SES Size	Transformer Size	277/480 Volts	Service wire/Linear Ft.	SES Size	Transformer Size	277/480 Volts	Service wire/Linear Ft.	SES Size	Transformer Size	277/480 Volts	Service wire/Linear Ft.
	200 Amp	3-250VA	\$9,870	\$6.41	200 Amp	3-400VA	\$13,215	\$6.41	200 Amp	112-50VA	\$11,982	\$6.33	200 Amp	112-50VA	\$11,982	\$6.33
	300 Amp	3-400VA	\$12,728	\$8.41	300 Amp	3-500VA	\$16,844	\$8.41	300 Amp	1500VA	\$12,213	\$12.66	300 Amp	1500VA	\$12,213	\$12.66
	400 Amp	3-500VA	\$15,728	\$9.87	400 Amp	3-750VA	\$18,945	\$9.87	400 Amp	2250VA	\$14,394	\$12.84	400 Amp	2250VA	\$14,394	\$12.84
	600 Amp	3-750VA	\$18,728	\$18.75	600 Amp	3-1000VA	\$18,945	\$18.75	600 Amp	3000VA	\$19,519	\$21.97	600 Amp	3000VA	\$19,519	\$21.97
UNDERGROUND Three Phase																
	SES Size	Transformer Size	120/208 Volts	Service wire/Linear Ft.	SES Size	Transformer Size	277/480 Volts	Service wire/Linear Ft.	SES Size	Transformer Size	277/480 Volts	Service wire/Linear Ft.	SES Size	Transformer Size	277/480 Volts	Service wire/Linear Ft.
	200 Amp	112-50VA	\$11,740	\$6.33	200 Amp	112-50VA	\$11,982	\$6.33	200 Amp	112-50VA	\$11,982	\$6.33	200 Amp	112-50VA	\$11,982	\$6.33
	400 Amp	112-50VA	\$11,740	\$12.66	400 Amp	2250VA	\$14,394	\$12.66	400 Amp	2250VA	\$14,394	\$12.84	400 Amp	2250VA	\$14,394	\$12.84
	600 Amp	1500VA	\$13,316	\$15.54	600 Amp	3000VA	\$17,530	\$15.54	600 Amp	3000VA	\$17,530	\$21.97	600 Amp	3000VA	\$17,530	\$21.97
	800 Amp	2250VA	\$15,022	\$31.07	800 Amp	5000VA	\$18,519	\$31.07	800 Amp	5000VA	\$18,519	\$48.61	800 Amp	5000VA	\$18,519	\$48.61
	1000 Amp	2250VA	\$15,022	\$31.07	1000 Amp	7500VA	\$25,382	\$31.07	1000 Amp	7500VA	\$25,382	\$62.15	1000 Amp	7500VA	\$25,382	\$62.15
	1200 Amp	3000VA	\$15,116	\$31.07	1200 Amp	10000VA	\$27,129	\$31.07	1200 Amp	10000VA	\$27,129	\$82.15	1200 Amp	10000VA	\$27,129	\$82.15
	1600 Amp	5000VA	\$22,432	\$62.15	1600 Amp	15000VA	\$42,414	\$62.15	1600 Amp	15000VA	\$42,414	\$82.22	1600 Amp	15000VA	\$42,414	\$82.22
	2000 Amp	6000VA	\$22,432	\$62.15	2000 Amp	20000VA	\$42,414	\$62.15	2000 Amp	20000VA	\$42,414	\$82.22	2000 Amp	20000VA	\$42,414	\$82.22
	2500 Amp	7500VA	\$28,233	\$168.72	2500 Amp	25000VA	\$82,748	\$168.72	2500 Amp	25000VA	\$82,748	\$198.86	2500 Amp	25000VA	\$82,748	\$198.86
	3000 Amp	10000VA	\$28,233	\$168.72	3000 Amp	30000VA	\$82,748	\$168.72	3000 Amp	30000VA	\$82,748	\$198.86	3000 Amp	30000VA	\$82,748	\$198.86

Notes:
 1) Extension Facilities that do not qualify for the Schedule of Charges will be determined by a project specific cost estimate.
 2) Cost per foot charges will be determined from termination at the source to the next device in the circuit. Linear footage for each circuit will be summed to determine charges.
 3) For Multiple services out of one three phase transformer, the service cost will be determined by each SES and the transformer cost will be determined from the combined total of each SES also in amps, rounded up to the nearest SES size, limited to a combined maximum of 3,000. amps.
 4) Overhead feeder cost per foot is for 30' and above, including 477 & 795 conductors.
 5) UG Feeder circuit footage is 3 cables making up 3 phase, 2 circuits is parallel conductors.
 6) Charges for services are based on linear feet from transformer to SES regardless for the number of sets.
 7) All footages to be calculated by linear footages.
 8) Transition is from the OH line to the UG line, which includes wire down pole and accessories. Pole NOT included.

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 Phoenix, Arizona
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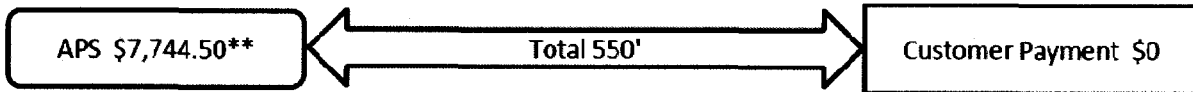


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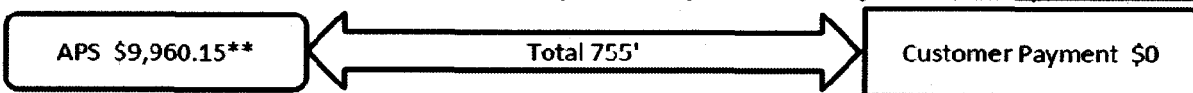
**SERVICE SCHEDULE 3
CONDITIONS GOVERNING EXTENSIONS OF
ELECTRIC DISTRIBUTION LINES AND SERVICES**

Examples to Section 2.1*
Free Footage Illustrative Example

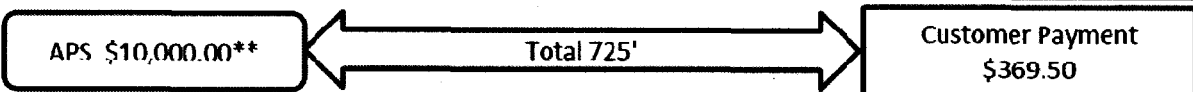
	Primary		Service		Total		Customer Payment
	Footage	Cost	Footage	Cost	Footage	Cost	
Scenario 1	500	\$15.00	50	\$ 4.89	550	\$ 7,744.50	\$ -



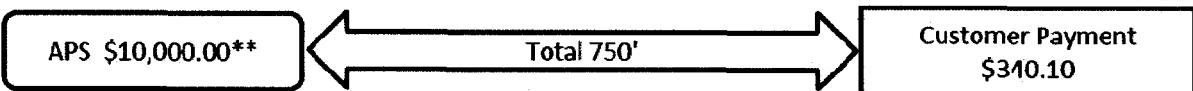
	Primary		Service		Total		Customer Payment
	Footage	Cost	Footage	Cost	Footage	Cost	
Scenario 2	620	\$ 15.00	135	\$ 4.89	755	\$ 9,960.15	\$ -



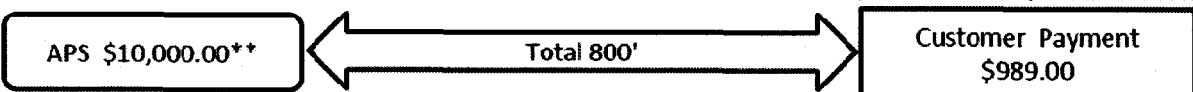
	Primary		Service		Total		Customer Payment
	Footage	Cost	Footage	Cost	Footage	Cost	
Scenario 3	675	\$ 15.00	50	\$ 4.89	725	\$ 10,369.50	\$ 369.50



	Primary		Service		Total		Customer Payment
	Footage	Cost	Footage	Cost	Footage	Cost	
Scenario 4	660	\$ 15.00	90	\$ 4.89	750	\$ 10,340.10	\$ 340.10



	Primary		Service		Total		Customer Payment
	Footage	Cost	Footage	Cost	Footage	Cost	
Scenario 5	700	\$ 15.00	100	\$ 4.89	800	\$ 10,989.00	\$ 989.00





**SERVICE SCHEDULE 3
CONDITIONS GOVERNING EXTENSIONS OF
ELECTRIC DISTRIBUTION LINES AND SERVICES**

*Scenarios do not reflect all components required for a complete project.

**APS portion does not include cost of transformer.

**Attachment 3
Residential Subdivision Illustrative Example**

ARIZONA PUBLIC SERVICE COMPANY
Phoenix, Arizona
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Title: -Manager, Regulation and Pricing
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**SERVICE SCHEDULE 3
CONDITIONS GOVERNING EXTENSIONS OF
ELECTRIC DISTRIBUTION LINES AND SERVICES**

Scenario 1	
Number of Planned Homes	100
Estimated Construction Cost	\$ 350,000
Total Potential Refundable Allowance	\$ 350,000
Non-Refundable Contribution	\$ -
Number of Homes Completed	100
Credited Allowance	\$ 350,000
Potential Remaining Allowance	\$ -

Scenario 2	
Number of Planned Homes	100
Estimated Construction Cost	\$ 400,000
Total Potential Refundable Allowance	\$ 350,000
Non-Refundable Contribution	\$ 50,000
Number of Homes Completed	100
Credited Allowance	\$ 350,000
Potential Remaining Allowance	\$ -

Scenario 3	
Number of Planned Homes	100
Estimated Construction Cost	\$ 350,000
Total Potential Refundable Allowance	\$ 350,000
Non-Refundable Contribution	\$ -
Number of Homes Completed	45
Credited Allowance	\$ 157,500
Potential Remaining Allowance	\$ 192,500

Scenario 4	
Number of Planned Homes	100
Estimated Construction Cost	\$ 400,000
Total Potential Refundable Allowance	\$ 350,000
Non-Refundable Contribution	\$ 50,000
Number of Homes Completed	45
Credited Allowance	\$ 157,500
Potential Remaining Allowance	\$ 192,500

Non-Redline



Exhibit B
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**SERVICE SCHEDULE 3
CONDITIONS GOVERNING EXTENSIONS OF
ELECTRIC DISTRIBUTION LINES AND SERVICES**

Provision of electric service from Arizona Public Service Company (Company) may require construction of new facilities or the relocation and/or upgrade of existing facilities. Costs for construction depend on the applicant's location, scope of project, load size, and load characteristics. Costs include, but are not limited to, project management, coordination, engineering, design, surveys, permits, construction inspection, and support services. This schedule establishes the terms and conditions under which Company will extend, relocate, and/or upgrade its facilities in order to provide service.

All facility installations and/or upgrades shall be made in accordance with good utility construction practices, as determined by Company, and are subject to the availability of adequate capacity, voltage and Company facilities at the beginning point of an extension as determined by Company.

The following provisions govern the installation of overhead and underground electric distribution facilities to applicants whose requirements are deemed by Company to be usual and reasonable in nature.

1. **DEFINITIONS**

- 1.1. **APS Approved Electrical Distribution Contractor** means an electrical contractor who is licensed in the State of Arizona and properly qualified to install electric distribution facilities in accordance with Company standards and good utility construction practices as determined by Company.
- 1.2. **Conduit Only Design** means the conduit layout design for the installation of underground Extension Facilities that will be required when the Extension Facilities are to be installed at a later date.
- 1.3. **Corporate Business and Industrial Development** means a tract of land which has been divided into contiguous lots in which a developer offers improved lots for sale and the purchaser of the lot is responsible for construction of buildings for commercial and/or industrial use.
- 1.4. **Doubtful Permanency** means a customer who in the opinion of the Company is neither Permanent nor Temporary. Service which, in the opinion of the Company, is for operations of a speculative character is considered Doubtfully Permanent.
- 1.5. **Economic Feasibility** means a determination by Company that the estimated annual revenue based on Company's then currently effective rate for distribution service (excluding taxes, regulatory assessment and other adjustments) less the cost of service provides an adequate rate of return on the investment made by Company to serve the applicant.
- 1.6. **Execution Date** means the date Company signs the agreement after the applicant has signed the agreement and money has been collected by company.
- 1.7. **Extension Facilities** means the electrical facilities, including conductors, cables, transformers, and related equipment installed solely to serve an individual applicant, or groups of applicants. For example, the Extension Facilities to serve a Residential Subdivision would consist of the line extension required to connect the subdivision to Company's existing system, as well as Company's electrical facilities constructed within the subdivision which would include primary and service lines, and transformers.
- 1.8. **High Rise and/or Mixed-Use Development** means a building built with four or more floors (usually using elevators for accessing floors) or any mixed use development that may consist of either residential or non-residential use or both, such as a building where the first level is for commercial purposes and the upper floors are residential.
- 1.9. **Irrigation** means water pumping service.



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- 1.10. **Line Extension Agreement** means the contractual agreement between Company and applicant that defines applicant payment requirements, terms of refund, scope of project, estimated costs, and construction responsibilities for Company and the applicant. Line Extension Agreements may be assigned to applicants successors in interest with Company approval, which approval shall not be unreasonably withheld.
- 1.11. **Master Planned Community Development** means a development that consists of a number of separately subdivided parcels for different Residential Subdivisions. The development may also incorporate a variety of uses including multi-family, non-residential, and public use facilities.
- 1.12. **Permanent** means a customer who is a tenant or owner of a service location who applies for and receives electric service, which, in the opinion of the Company, is of a permanent and established character. The use of electricity may be continuous, intermittent, or seasonal in nature. Permanency at the service location may be established by such things as city/county/state permits, a permanent water system, an approved sewer/septic system, or other permanent structures.
- 1.13. **Project-Specific Cost Estimate** means cost estimates that are developed recognizing the unique characteristics of large or special projects to which the Schedule of Charges is not applicable. A Project-Specific Cost Estimate provided to an applicant is valid for a period of up to six (6) months from the date the estimate is provided to the applicant.
- 1.14. **Residential "Lot Sale" Development** means a tract of land that has been divided into four (4) or more contiguous lots in which a developer offers improved lots for sale and the purchaser of the lot is responsible for construction of a residential home.
- 1.15. **Residential Multi-Family Development** means a development consisting of apartments, condominiums, or townhouses.
- 1.16. **Residential Single Family** means a house, or a manufactured or mobile home Permanently affixed to a lot or site.
- 1.17. **Residential Subdivision** means a tract of land which has been divided into four (4) or more contiguous lots with an average size of one acre or less in which the developer is responsible for the construction of residential homes or permanent manufactured or mobile home sites.
- 1.18. **Schedule of Charges** means the list of charges that is used to determine the applicant's cost responsibility for the Extension Facilities. An applicant requesting an extension will be provided a sketch showing the Extension Facilities and an itemized cost quote based on the Schedule of Charges or other applicable details. When the Schedule of Charges is not applicable, charges for Extension Facilities shall be determined by the Company based on Project-Specific Cost Estimates. The Schedule of Charges is attached to this Service Schedule as Attachment 1. The Schedule of Charges will be reviewed and updated from time to time by Company with the Arizona Corporation Commission.

The Schedule of Charges is not applicable for the following:

- 1.18.1. Extension Facilities requiring modifications, removal, relocations or conversions of existing facilities in conjunction with a new extension or existing customer requested upgrade. The removal, replacement, conversion, and new Extension Facilities charges will be determined by a combination of Schedule of Charges and a Project-Specific Cost Estimate depending on the scope of the project and may include residual value costs as computed in accordance with the method described in A.R.S 40-347.



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- 1.18.2. Extension Facilities required for modifications, relocations or conversions of existing facilities not in conjunction with a new extension or existing customer upgrade.
 - 1.18.3. Extension Facilities for General Service applicants with estimated demand loads of three (3) megawatts or greater, or that require 3,000 kVA of transformer capacity or greater.
 - 1.18.4. Extension Facilities required for High Rise and/or Mixed-Use Developments or Temporary service.
 - 1.18.5. Extension Facilities involving spot networks, vault installations, primary metering, or specialized or additional equipment for enhanced reliability.
- 1.19. **Temporary** means premises or enterprises which are temporary in character, or where it is known in advance that the Extension Facilities will be of limited duration.

2. RESIDENTIAL

2.1. SINGLE FAMILY HOMES

Extension Facilities will be installed to new Permanent residential applicants or groups of new Permanent residential applicants under the following conditions:

- 2.1.1. Free footage basis extensions are made under the following conditions:
 - 2.1.1.1. The total footage of the Extension Facilities (primary, secondary, service) does not exceed 750 feet per applicant, or \$10,000; or
 - 2.1.1.2. The total cost of the Extension Facilities as determined by Company is less than \$10,000 per applicant.
- 2.1.2. All additional construction costs over \$10,000 per applicant will be paid by applicant(s) as a non-refundable contribution in aid of construction.
- 2.1.3. Applicants who combine to form a group may also combine their allowance as specified in Sections 2.1.1.1 and 2.1.1.2.
- 2.1.4. The cost of extending service to applicant will be determined in accordance with the Schedule of Charges or combination of Schedule of Charges and a Project-Specific Cost Estimate depending on the scope of the project which shall exclude the cost of the transformer(s). Construction costs in excess of the allowances as described in 2.1.1.1 and 2.1.1.2 shall be paid by the applicant prior to the Company installing facilities. Payment is due at the time the Line Extension Agreement is signed by the applicant.
- 2.1.5. The applicant(s) signs a Line Extension Agreement.
- 2.1.6. The site plan has been approved and recorded in the county having jurisdiction.
- 2.1.7. The footage allowance of 750 feet and cap of \$10,000 shall be reviewed from time to time with the Arizona Corporation Commission.
- 2.1.8. Examples of the application of 2.1.1 and 2.1.2 can be found in Attachment 2 – Free Footage Illustrative Example.



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2.2. RESIDENTIAL SUBDIVISION DEVELOPMENTS

Extension Facilities will be installed to Residential Subdivision developments of four (4) or more homes in advance of application for service by Permanent customers under the following conditions:

- 2.2.1. The applicant(s) signs a Line Extension Agreement.
- 2.2.2. The subdivision development plat has been approved and recorded in the county having jurisdiction.
- 2.2.3. The cost of extending service to applicant will be determined in accordance with the Schedule of Charges or combination of Schedule of Charges and a Project-Specific Cost Estimate depending on the scope of the project.
- 2.2.4. A signed Line Extension Agreement and advance payment of all project costs are required prior to the start of construction by the Company. Payment is due at the time the Line Extension Agreement is signed by the applicant.
 - 2.2.4.1. A portion of the project cost shall be designated as a refundable advance and will be eligible for refund based on the "per lot" allowance provisions of Section 2.2.5 and in accordance with Section 5.
 - 2.2.4.2. In lieu of a cash payment for the refundable advance amount, the Company shall reserve the right to accept an alternative financial instrument, such as a Letter of Credit or Surety Bond based on the financial condition, or organizational structure of developer.
 - 2.2.4.3. That portion of the project cost in excess of the refundable advance shall be non-refundable in addition to any other non-standard construction charges such as street lights.
- 2.2.5. The refundable advance will be eligible for refund based on a "per lot" allowance of \$3,500 for each Permanently connected residential customer over a five (5) year period. Refunds of refundable advances shall be governed by Section 5. The refund eligibility period shall be five (5) years from the date Company executes the Line Extension Agreement with the applicant. A review of the project will be conducted annually to determine subdivision buildout, and if the qualifications have been met for any refunds.
- 2.2.6. Examples of the application of 2.2.4 can be found in Attachment 3 – Residential Subdivision Illustrative Example.

2.3. RESIDENTIAL "LOT SALE" DEVELOPMENTS

Extension Facilities will be installed to residential "lot sale" developments in advance of application for service by Permanent applicants under the following conditions:

- 2.3.1. The applicant(s) signs a Line Extension Agreement.
- 2.3.2. The development plat has been approved and recorded in the county having jurisdiction.
- 2.3.3. The cost of extending service to applicant will be determined in accordance with the Schedule of Charges or combination of Schedule of Charges and a Project-Specific Cost Estimate depending on the scope of the project. A signed Line Extension Agreement and advance payment of all project costs are



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required prior to the start of Company construction. Payment is due at the time the Line Extension Agreement is signed by the applicant.

- 2.3.4. The applicant shall pay the total project estimated cost as a non-refundable contribution in aid of construction in addition to costs for street lights and other non-standard construction charges.
- 2.3.5. Company will provide a "Conduit Only Design" provided applicant makes a payment in the amount equal to the estimated cost of the preparation of the design, in addition to the costs for any materials, field survey and inspections that may be required.
- 2.3.6. Extension Facilities will be installed to individual applicants in accordance with provisions listed in Section 2.1.

2.4. MASTER PLANNED COMMUNITY DEVELOPMENTS

Extension Facilities will be installed to Master Planned Community Developments in advance of application for service by Permanent applicants under the following conditions:

- 2.4.1. The applicant(s) signs a Line Extension Agreement.
- 2.4.2. The site development plan has been approved and recorded in the county having jurisdiction.
- 2.4.3. The cost of extending service to applicant will be determined by a Project-Specific Cost Estimate based on the scope of the project. A signed Line Extension Agreement and advance payment of all project costs are required prior to the start of Company construction. Payment is due at the time the Line Extension Agreement is signed by the applicant.
- 2.4.4. The applicant shall pay the total project estimated cost as a non-refundable contribution in aid of construction in addition to costs for street lights and other non-standard construction charges.
- 2.4.5. Extension Facilities will be installed to each subdivided tract within the planned development in accordance with the applicable sections of this Service Schedule 3.

2.5. RESIDENTIAL MULTI-FAMILY DEVELOPMENTS

Extension Facilities will be installed to Residential Multi-Family Developments in advance of application for service by Permanent customers under the following conditions:

- 2.5.1. The applicant signs a Line Extension Agreement.
- 2.5.2. The site development plan has been approved and recorded in the county having jurisdiction.
- 2.5.3. The cost of extending service to applicant will be determined in accordance with the Schedule of Charges or combination of Schedule of Charges and a Project-Specific Cost estimate depending on the scope of the project.
- 2.5.4. A signed Line Extension Agreement and advance payment of all project costs are required prior to the start of Company construction. Payment is due at the time the Line Extension Agreement is signed by the applicant.



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2.5.4.1. A portion of the project cost shall be designated as a refundable advance and will be eligible for refund based on the "per unit" refundable allowance provisions of Section 2.5.4 and in accordance with Section 5.

2.5.4.2. In lieu of a cash payment for the refundable advance amount, the Company shall reserve the right to accept an alternative financial instrument, such as a Letter of Credit or Surety Bond based on the financial condition, or organizational structure of applicant.

2.5.4.3. That portion of the project cost in excess of the refundable advance shall be non-refundable in addition to any other non-standard construction charges such as street lights etc.

2.5.5. The refundable advance will be eligible for refund based on a "per unit" allowance of \$1,000 for each new meter installed over a five (5) year period. Refunds of refundable advances shall be governed by Section 5. The refund eligibility period shall be five (5) years from the date Company executes the Line Extension Agreement. A review of the project will be conducted annually to determine buildout and if the qualifications have been met for any refunds.

3. GENERAL SERVICE INCLUDING IRRIGATION

3.1. GENERAL PROVISIONS

3.1.1. Extension Facilities that do not meet the requirements under Section 2 Residential will be considered General Service and will be installed to all applicants who meet the qualifications under Sections 3 and 4 of this Service Schedule 3.

3.1.2. The project costs for General Service Extension Facilities installations will be determined in accordance with the Schedule of Charges or combination of Schedule of Charges and a Project-Specific Cost Estimate depending on the scope of the project. A signed Line Extension Agreement and any required payment as determined by an Economic Feasibility analysis are required prior to the start of Company construction. Payment is due at the time the Line Extension Agreement is signed by the applicant. The site development plan for the project for which the Line Extension has been requested must be approved and recorded in the county having jurisdiction prior to signing the Line Extension Agreement.

3.1.3. The cost for Extension Facilities installed for applicants with estimated demand loads of less than three (3) megawatts or less than 3,000 kVA of transformer capacity, will be determined in accordance with the Schedule of Charges or combination of Schedule of Charges and a Project-Specific Cost Estimate depending on the scope of the project. A signed Line Extension Agreement and any required payment as determined by an Economic Feasibility analysis are required prior to the start of Company construction. Payment is due at the time the Line Extension Agreement is signed by the applicant.

3.1.4. The cost for Extension Facilities installed for applicants with projected loads of three (3) megawatts or greater, requiring transformer capacity of 3,000 kVA and greater, special requests involving primary metering, or specialized/additional equipment for enhanced reliability shall be determined by the Company based on Project-Specific Cost Estimates. A signed Line Extension Agreement and any required payment as determined by an Economic Feasibility analysis are required prior to the start of Company construction. Payment is due at the time the Line Extension Agreement is signed by the applicant.

3.1.5. Economic Feasibility analysis for General Service applicants:



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3.1.5.1. Economic Feasibility for projects where the applicant's Extension Facilities cost (excluding non-refundable applicant contributions such as street lights and other non-standard construction charges) is \$25,000 or less shall be established where the estimated annual revenue based on Company's then currently effective rate for distribution service (excluding taxes, regulatory assessment and other adjustments) multiplied by six (6) is equal to or greater than the cost of the applicant's Extension Facilities.

3.1.5.2. Economic Feasibility for projects where the applicant's Extension Facilities cost (excluding non-refundable applicant contributions such as street lights and other non-standard construction charges) is greater than \$25,000 shall be established where the estimated annual revenue based on Company's then currently effective rate for distribution service (excluding taxes, regulatory assessment and other adjustments), less the cost of service, provides an adequate rate of return on the investment made by Company to serve the applicant.

3.1.5.3. Company may include a capacity factor component, as determined by Company, to the Economic Feasibility Analysis for applicants that request excess or redundant system capacity.

3.2. HIGH RISE AND/OR MIXED-USE DEVELOPMENTS

Extension Facilities will be installed to High Rise and/or Mixed-Use Developments in advance of application for service by Permanent applicants under the following conditions:

3.2.1. The residential units are privately owned and either individually metered or master metered in accordance with Section 7.10.

3.2.2. Extension Facilities will be installed to designated points of delivery and it is the applicant's responsibility to provide and maintain the electrical facilities within the building.

3.2.3. The applicant signs a Line Extension Agreement.

3.2.4. The site development plan has been approved and recorded in the county or city having jurisdiction.

3.2.5. The charges for Extension Facilities will be determined based on a Project-Specific Cost Estimate, and shall be paid by the applicant prior to Company installing facilities.

3.2.6. Prior to the ordering of specialized materials or equipment required to provide service applicant will be required to make an advance payment to the Company for the estimated cost of the material or equipment in accordance with Section 7.13 of this Service Schedule 3.

3.2.7. A signed Line Extension Agreement and any required advance payment are required prior to the start of Company construction. Payment is due at the time the Line Extension Agreement is signed by the applicant.

3.3. CORPORATE BUSINESS & INDUSTRIAL PARK DEVELOPMENTS

Extension Facilities will be made to Corporate Business and Industrial Park Developments in advance of application for service by Permanent customer under the following conditions:

3.3.1. The applicant signs a Line Extension Agreement.

3.3.2. The site development plan has been approved and recorded in the county or city having jurisdiction.



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- 3.3.3. The cost of installing Extension Facilities will be determined in accordance with the Schedule of Charges or combination of Schedule of Charges and a project-specific cost estimate depending on the scope of the project.
- 3.3.4. The applicant shall pay the total project estimated cost as a non-refundable contribution in aid of construction in addition to costs for street lights and other non-standard construction charges.
- 3.3.5. Payment of all project costs is required prior to the start of Company construction. Payment is due at the time the Line Extension Agreement is signed by the applicant.
- 3.3.6. Company will provide a "Conduit Only Design" provided applicant makes a payment in the amount equal to the estimated cost of the preparation of the design, in addition to the costs for any materials, field survey and inspections that may be required.
- 3.3.7. Extension Facilities will be installed to individual lots (at the request of an applicant) within the Corporate Business and Industrial Park Development in accordance with the applicable sections of this Service Schedule 3.

4. OTHER CONDITIONS

4.1. TEMPORARY APPLICANTS

- 4.1.1. Where Temporary Extension Facilities are required to provide service to the applicant, the applicant shall make a non-refundable payment in advance of installation or construction equal to the cost of installing and removing of the facilities required in providing Temporary service, less the salvage value of such facilities. Charges will be determined by Company based on a Project-Specific Cost Estimate. Payment is due at the time the Line Extension Agreement is signed by the applicant.
- 4.1.2. When use of the Temporary service is discontinued or service is terminated, Company may dismantle and remove its facilities, and the materials and equipment provided by Company will remain Company property.

4.2. DOUBTFUL PERMANENCY CUSTOMERS

When, in the opinion of Company, permanency of the applicant's residence or operation is doubtful, the applicant will be required to pay the total cost of the Extension Facilities. The cost of extending service to applicant will be determined in accordance with the Schedule of Charges or combination of Schedule of Charges and a Project-Specific Cost Estimate. The applicant shall pay the total project estimated cost as a non-refundable contribution in aid of construction in addition to costs for street lights and other non-standard construction charges.

- 4.2.1. Payment of all project costs is required prior to the start of Company construction. Payment is due at the time the Line Extension Agreement is signed by the applicant.

4.3. MUNICIPALITIES AND OTHER GOVERNMENTAL AGENCIES

Relocation of existing facilities and/or Extension Facility installations required to serve loads of municipalities or other governmental agencies may be constructed prior to the receipt of a signed Line Extension Agreement. However, this does not relieve the municipality or governmental agency of the responsibility for payment of the Extension Facilities costs in accordance with the applicable sections of this Service Schedule 3.



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The effective date for projects enacted under this provision for purposes of Section 5 shall be the date the municipality or agency provided written approval to the Company to proceed with construction.

5. REFUNDS

5.1. GENERAL REFUND CONDITIONS

- 5.1.1. No refund will be made to any applicant for an amount more than the un-refunded balance of the applicant's refundable advance.
- 5.1.2. Company reserves the right to withhold refunds to any applicant who is delinquent on any account, agreement, or invoice, including the payment of electric service, and may apply these refund amounts to past due bills.
- 5.1.3. The refund eligibility period shall be five (5) years from the date Company executes the Line Extension Agreement with the applicant. Any un-refunded advance balance shall become a non-refundable contribution in aid of construction five (5) years from the Execution Date of the agreement.
- 5.1.4. Refunds will be mailed to the applicant of record noted on the executed agreement no later than 60-days from the annual review date.

6. UNDERGROUND CONSTRUCTION

6.1. GENERAL UNDERGROUND CONSTRUCTION POLICY

With respect to all underground installations pursuant to a Line Extension Agreement, Company will install underground facilities only if all of the following conditions are met:

- 6.1.1. The Extension Facilities meet all requirements as specified in Sections 1, 2, 3, or 4 of this Service Schedule 3.
- 6.1.2. The applicant provides all earth-work including, but not limited to, trenching, boring or punching, backfill, compaction, and surface restoration in accordance with Company specifications, and signs a trench agreement.
- 6.1.3. The applicant provides installation of equipment pads, pull-boxes, manholes, conduits, and appurtenances as required and in accordance with Company specifications.
- 6.1.4. In lieu of applicant providing these services and equipment, the applicant may pay Company to provide these services and equipment as a non-refundable contribution in aid of construction. The payment will equal the cost of such work plus any administrative or inspection fees incurred by Company. Applicants electing this option will be required to sign an agreement indemnifying and holding Company harmless against claims, liabilities, losses or damage (Claims) asserted by a person or entity other than Company's contractors, which Claims arise out of the trenching and conduit placement, provided the Claims are not attributable to the Company's gross negligence or intentional misconduct.

7. GENERAL CONDITIONS

7.1. VOLTAGE

- 7.1.1. All Extension Facility installations will be designed and constructed for operation at standard voltages



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used by Company in the area in which the Extension Facilities are located. At the request of applicant, Company may, at its option, deliver service for special applications of non-standard or higher voltages with prior approval from Company's Engineering Department. Applicant will be required to pay the costs of any required studies as a non-refundable payment.

- 7.1.2. Extension Facilities installed at higher voltages will be limited to serving an applicant operating as one integral unit under the same name and as part of the same business on adjacent and contiguous sites not separated by private property owned by another party or separated by public property or public right-of-way.

7.2. POINT OF DELIVERY

- 7.2.1. For overhead service, the point of delivery shall be where Company's service conductors terminate at the applicant's weatherhead or bus riser.
- 7.2.2. For underground service, the point of delivery shall be where Company's service conductors terminate in the applicant's or development's service equipment. The applicant shall furnish, install and maintain any risers, raceways and/or termination cabinets necessary for the installation of Company's underground service conductors.
- 7.2.3. For special applications where service is provided at voltages higher than the standard voltages specified in the APS Electric Service Requirements Manual, Company and applicant shall mutually agree upon the designated point of delivery.

7.3. EASEMENTS

All suitable easements or rights-of-way required by Company for any portion of the extension which is either on premises owned, leased or otherwise controlled by the applicant or other property required for the Extension Facilities, shall be provided to the Company in Company's name by the applicant without cost to or condemnation by Company prior to commencement of Company's construction of Extension Facilities. All easements or rights-of-way obtained on behalf of Company shall contain such terms and conditions as are acceptable to Company.

7.4. GRADE MODIFICATIONS

If after construction of Extension Facilities, the final grade of the property established by the applicant is changed in such a way as to require relocation of Company facilities, or the applicant's actions or those of his contractor results in damage to such facilities, the cost of replacement, relocation and/or resulting repairs shall be borne by applicant as a non-refundable contribution in aid of construction.

7.5. OWNERSHIP

Except for applicant owned facilities, all Extension Facilities installed in accordance with this Service Schedule 3 will be owned, operated, and maintained by Company.

7.6. MEASUREMENT AND LOCATION

- 7.6.1. Measurement must be along the proposed route of construction.
- 7.6.2. Construction will be on public streets, roadways, highways, or easements acceptable to Company.



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7.6.3. The Extension Facilities must be a branch from, the continuation of, or an addition to, Company's existing distribution facilities.

7.7. UNUSUAL CIRCUMSTANCES

In unusual circumstances as determined by Company, when the application and provisions of this Service Schedule 3 appear impractical, or in case of extension of lines to be operated on voltages other than specified in the applicable rate schedule, or when applicant's estimated demand load will exceed 3,000 kW, Company may make a special study of the conditions to determine the basis on which service may be provided. Additionally, Company may require special contract arrangements as provided for in the Company's Service Schedule 1, Terms and Conditions for Standard Offer and Direct Access Service.

7.8. ABNORMAL LOADS

Company, at its option, may install Extension Facilities to serve certain abnormal loads (such as: transformer type welders, x-ray machines, wind machines, excess capacity for test purposes and loads of unusual characteristics) and the costs of any distribution system modifications or enhancements required to serve the applicant will be included in the payment described in previous sections of this Service Schedule 3.

7.9. UPGRADES, RELOCATIONS AND/OR CONVERSIONS

7.9.1. Company will upgrade, relocate or convert from overhead to underground its facilities for the applicant's convenience or aesthetics. The cost of upgrades, relocations or conversions not in conjunction with a new extension or existing customer upgrade will be determined by a Project-Specific Cost Estimate and may include residual value costs as computed in accordance with the method described in A.R.S Section 40-347.

7.9.2. When the relocation of Company facilities involves "prior rights" conditions, the applicant will be required to make payment equal to the estimated cost of relocation as determined by a Project-Specific Cost Estimate. In addition applicant shall be required to provide similar "rights" for the relocated facilities.

7.10. MASTER METERING

7.10.1. Mobile Home Parks

Company shall refuse service to all new construction and/or expansion of existing Permanent residential mobile home parks unless the construction and/or expansion are individually metered by Company.

7.10.2. Residential Apartment Complexes, Condominiums

Company shall refuse service to all new construction of apartment complexes and condominiums which are master metered unless the builder or developer can demonstrate that the installation meets the provisions of R14-2-205 of the Arizona Corporation Commission's Rules and Regulations or the requirements discussed in 7.10.3 below. This section is not applicable to Senior Care/Nursing Centers registered with the State of Arizona with independent living units which provide packaged services such as housing, food, and nursing care.



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7.10.3. Multi-Unit High Rise Residential Developments

- 7.10.3.1. Company will allow master metering for high rise residential units where the residential units are privately owned provided the building will be served by a centralized heating, ventilation and/or air conditioning system, and each residential unit shall be individually sub-metered and responsible for energy consumption of that unit.
- 7.10.3.2. Sub-metering shall be provided and maintained by the builder or homeowners association.
- 7.10.3.3. Responsibility and methodology for determining each unit's energy billing shall be clearly specified in the original bylaws of the homeowners association, a copy of which must be provided to Company prior to Company installing Extension Facilities.
- 7.10.3.4. Company will convert its facilities from a master metered system to a Permanent individually metered system at the applicant's request provided the applicant makes a non-refundable contribution in aid of construction equal to the residual value plus the removal costs less salvage of the master meter facilities to be removed. The new facilities to serve the individual meters will be extended on the basis specified in Section 1 of this Service Schedule 3. Applicant is responsible for all costs related to the installation of new service entrance equipment.

7.11. CHANGE IN APPLICANT'S SERVICE REQUIREMENTS

Company will rebuild, modify, or upgrade its existing facilities to meet the applicant's added load or change in service requirements on the basis specified in Section 2, 3, or 4. Charges for such changes will be in accordance with the Schedule of Charges and/or a Project-Specific Cost Estimate determined by the Company based on project-specific requirements.

7.12. STUDY AND DESIGN AGREEMENT

Any applicant requesting Company to prepare special studies or detailed plans, specifications, or cost estimates will be required to make a payment to Company in an amount equal to the estimated cost of preparation. When the applicant authorizes Company to proceed with construction of the Extension Facilities, the payment will be credited to the cost of the Extension Facilities otherwise the payment shall be non-refundable. Company will prepare, without charge, a preliminary sketch and rough estimate of the cost to be paid by the applicant upon request.

7.13. MATERIAL ORDER AGREEMENT

Any applicant requesting Company to enter into a Line Extension Agreement, or relocation agreement which requires either large quantities of material or material and equipment which the Company does not keep in stock will be required to make a payment to Company prior to the material being ordered in an amount equal to the material/equipment's estimated cost. When the applicant authorizes Company to proceed with construction of the extension, the payment will be credited to the cost of the extension; otherwise the payment shall be non-refundable.

7.14. INTEREST

All refundable advances made by the applicant to the Company shall be non-interest bearing.



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**SERVICE SCHEDULE 3
CONDITIONS GOVERNING EXTENSIONS OF
ELECTRIC DISTRIBUTION LINES AND SERVICES**

7.15. APPLICANT CONSTRUCTION OF COMPANY DISTRIBUTION FACILITIES

- 7.15.1. Applicant may provide construction related labor only services associated with the installation of new distribution line facilities (21 kV and below) to serve the applicant's new or added load provided the applicant receives written approval from Company prior to performing any such services and uses electrical contractors who are qualified and licensed in the State of Arizona to construct such facilities and designated as an APS Approved Electrical Distribution Contractor.

This option is not available for the following:

- 7.15.1.1. Replacement, modifications, upgrades, relocation, or conversions of existing systems.
- 7.15.1.2. Where all or a portion of the distribution line facilities are to be constructed on or installed on existing distribution line or transmission lines.
- 7.15.2. All construction services provided by the applicant shall be subject to inspection by a duly authorized Company representative and shall comply with Company designs, construction standards, and other requirements which may be in effect at the time of construction. Any work found to be substandard in the sole opinion of the Company must be corrected by applicant prior to energization by Company.
- 7.15.3. Applicant shall reimburse Company for all inspection and project coordination costs as a non-refundable contribution in aid of construction. Estimated costs for inspection and project coordination will be identified in the construction agreement executed by Company and applicant.
- 7.15.4. Costs for Extension Facilities for applicants who provide construction of Company distribution facilities shall be based on a Project-Specific Cost Estimate.
- 7.15.5. A signed agreement and advance payment of all project costs are required prior to the start of applicant construction. Payment is due at the time the agreement is signed by the applicant.
- 7.15.6. For applicants that are not served by the terms in Section 3 of this document, Company shall provide a Project-Specific Cost Estimate. Applicants may submit an invoice detailing costs of Extension Facilities and apply any allowance provided in Section 2 to these costs. At no point shall these costs exceed the Company's Project-Specific Cost Estimate.
- 7.15.7. Applicants served by the terms in Section 3 of this document shall be subject to the rules set forth in Sections 3 and 5.

7.16. SETTLEMENT OF DISPUTES

Any dispute between the applicant or prospective applicant and Company regarding the interpretation of these "Conditions Governing Extensions of Electric Distribution Lines and Services" may, by either party, be referred to the Arizona Corporation Commission or a designated representative or employee thereof for determination.

7.17. LINE EXTENSION AGREEMENTS

All facility installations or equipment upgrades requiring payment by an applicant shall be in writing and signed by both the applicant and Company.



**SERVICE SCHEDULE 3
CONDITIONS GOVERNING EXTENSIONS OF
ELECTRIC DISTRIBUTION LINES AND SERVICES**

7.18. ADDITIONAL PRIMARY FEED OR SPECIALIZED EQUIPMENT

When specifically requested by an applicant to provide an alternate primary feed or specialized equipment (excluding transformation), Company will perform a special study to determine the feasibility of the request. The applicant will be required to pay for the cost of the additional feed requested as a non-refundable contribution in aid of construction. Installation cost will be based on a Project-Specific Cost Estimate. Payment for the installation of Extension Facilities is due at the time the Line Extension Agreement is signed by the applicant.

7.19. GRANDFATHERING

An applicant that has entered into a Line Extension Agreement with the Company under a previous revision of this Service Schedule 3 may at applicant's request cancel the agreement, provided the Company has not installed any facilities pursuant to the agreement, and provided that applicant reimburses Company for the costs and expenses it has incurred to date, as a non-refundable contribution in aid of construction. The applicant may then enter into a new Line Extension Agreement with the Company under this revision of Service Schedule 3.



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**SERVICE SCHEDULE 3
CONDITIONS GOVERNING EXTENSIONS OF
ELECTRIC DISTRIBUTION LINES AND SERVICES**

Attachment 1
Schedule of Charges – Single Phase

**APS Schedule 3, Line Extension Schedule of Charges
Single Phase Extension Costs**

Single Phase	OH Primary		UG Primary			OH Secondary		UG Secondary	
	Cost per Circuit Foot	Cost per Circuit Foot	Full Box	Pad Mount Junction Cabinet	OH/UG Transition	Secondary Pole	OH/UG Secondary Transition	J Box	
	\$15.00	\$8.99	\$795	\$2,652	\$1,183	\$2,339	\$681	\$98.54	
OVERHEAD Single Phase	SES Size	Transformer Size, 120/240V	Service wire/Linear Ft.						
	200 Amp	25kVA	\$3,657	\$4.89					
	200 Amp	50kVA	\$4,439	\$9.02					
	400 Amp	50kVA	\$4,439	\$9.02					
	600 Amp	75kVA	\$5,475	\$18.23					
800 Amp	100kVA	\$7,699	\$18.23						
UNDERGROUND Single Phase	SES Size	Transformer Size, 120/240V	Service wire/Linear Ft.						
	200 Amp	25kVA	\$3,764	\$3.65					
	200 Amp	50kVA	\$4,498	\$4.36					
	400 Amp	50kVA	\$4,498	\$4.36					
	600 Amp	75kVA	\$5,266	\$8.71					
800 Amp	100kVA	\$6,270	\$16.68						

- Notes:**
- 1) Extension Facilities that do not qualify for the Schedule of Charges will be determined by a project specific cost estimate.
 - 2) Cost per foot charges will be determined from termination at the source to the next device in the circuit. Linear footage for each circuit will be summed to determine charges.
 - 3) Pad Mount switch gear is a single phase termination cabinet.
 - 4) Primary OH cost per foot is for one phase and a neutral or two phases and no neutral, includes poles, framing, 2R conductor
 - 5) Charges for services are based on linear feet from Transformer to SES regardless of the number of sets. J Boxes not included in footage cost.
 - 6) All footages to be calculated by linear footages
 - 7) Transition is from the OH line to the UG line, which includes wire down pole and accessories. Pole NOT included.

ARIZONA PUBLIC SERVICE COMPANY
Phoenix, Arizona
Filed by: David J. Rumolo
Title: Manager, Regulation and Pricing
Original Effective Date: January 31, 1954

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Service Schedule 3
Revision No. 12
Effective:XXXXXX



**SERVICE SCHEDULE 3
CONDITIONS GOVERNING EXTENSIONS OF
ELECTRIC DISTRIBUTION LINES AND SERVICES**

**Attachment 1
Schedule of Charges – Three Phase**

**APS Schedule 3. Line Extension Schedule of Charges
Three Phase Extension Costs**

Category	Overhead			Underground			Member (3-750)	Pull Box (4-750)	Member (4-750)	Cost per Circuit Foot (4-750)	Each Installation	Cost per Circuit Foot (4-750)	Each Installation	Cost per Circuit Foot (4-750)	Each Installation
	Cost per Circuit Foot (3-750)	Pull Box (3-750)	Member (3-750)	Cost per Circuit Foot (4-750)	Pull Box (4-750)	Member (4-750)									
FEEDER Three Phase	\$21.34	\$3,175	\$16,322	\$21.03	\$3,175	\$16,322	\$14,833	\$6,164	\$14,833	\$42.06	\$4,048	\$32.35	\$4,048	\$42.70	\$4,048
OH/UG Transition															
PRIMARY Three Phase	\$21.24	\$2,851	\$1,257	\$17.97	\$2,851	\$1,257	\$16,048	\$4,200	\$16,048	\$42.06	\$4,048	\$32.35	\$4,048	\$42.70	\$4,048
OH/UG Transition															
OVERHEAD Three Phase	SES Size	Transformer Size	120/240 Volts	Service wire/Linear Ft.	SES Size	Transformer Size	27/140 Volts	Service wire/Linear Ft.	SES Size	Transformer Size	27/140 Volts	Service wire/Linear Ft.	SES Size	Transformer Size	27/140 Volts
	200 Amp	3-25kVA	\$9,870	\$5.41	200 Amp	3-40kVA	\$13,215	\$4.41	200 Amp	112.5kVA	\$41,282	\$4.33	200 Amp	112.5kVA	\$41,282
	200 Amp	3-40kVA	\$12,728	\$5.41	400 Amp	3-75kVA	\$16,244	\$4.87	400 Amp	150kVA	\$42,213	\$12.86	400 Amp	150kVA	\$42,213
	400 Amp	3-40kVA	\$12,728	\$4.87	600 Amp	3-100kVA	\$19,045	\$4.75	600 Amp	225kVA	\$41,284	\$12.86	600 Amp	225kVA	\$41,284
	600 Amp	3-40kVA	\$12,728	\$4.75	800 Amp	3-100kVA	\$19,045	\$4.75	800 Amp	300kVA	\$41,284	\$12.86	800 Amp	300kVA	\$41,284
	800 Amp	3-40kVA	\$12,728	\$4.75	1000 Amp	3-100kVA	\$19,045	\$4.75	1000 Amp	400kVA	\$41,284	\$12.86	1000 Amp	400kVA	\$41,284
UNDERGROUND Three Phase	SES Size	Transformer Size	120/240 Volts	Service wire/Linear Ft.	SES Size	Transformer Size	27/140 Volts	Service wire/Linear Ft.	SES Size	Transformer Size	27/140 Volts	Service wire/Linear Ft.	SES Size	Transformer Size	27/140 Volts
	200 Amp	112.5kVA	\$11,748	\$4.33	200 Amp	112.5kVA	\$41,282	\$4.33	400 Amp	150kVA	\$42,213	\$12.86	400 Amp	150kVA	\$42,213
	400 Amp	112.5kVA	\$11,748	\$4.33	400 Amp	225kVA	\$41,284	\$12.86	400 Amp	225kVA	\$41,284	\$12.86	600 Amp	300kVA	\$41,284
	600 Amp	150kVA	\$13,376	\$15.54	600 Amp	300kVA	\$41,284	\$12.86	600 Amp	300kVA	\$41,284	\$12.86	800 Amp	400kVA	\$41,284
	800 Amp	225kVA	\$15,022	\$31.67	800 Amp	400kVA	\$41,284	\$12.86	800 Amp	400kVA	\$41,284	\$12.86	1000 Amp	500kVA	\$41,284
	1000 Amp	225kVA	\$15,022	\$31.67	1000 Amp	500kVA	\$41,284	\$12.86	1000 Amp	500kVA	\$41,284	\$12.86	1200 Amp	750kVA	\$41,284

Notes:
 1) Extension facilities that do not qualify for the Schedule of Charges will be determined by a project specific cost estimate.
 2) Cost per foot charges will be determined from termination at the source to the next device in the circuit. Linear footage for each circuit will be summed to determine charges.
 3) For Multiple services out of one three phase transformer, the service cost will be determined by each SES and the transformer cost will be determined from the combined total of each SES size in amps, rounded up to the nearest SES size, linked to a combined maximum of 3,000. amps.
 4) Overhead feeder cost per foot is for 30 and above, including 477 & 795 conductors.
 5) UG Feeder circuit footage is 3 cables making up 3 phase; 2 circuits in parallel conductors.
 6) Charges for services are based on linear feet from transformer to SES regardless for the number of cables.
 7) All footages to be calculated by linear footages.
 8) Transition is from the OH line to the UG line, which includes wire down pole and accessories. Pole NOT included.

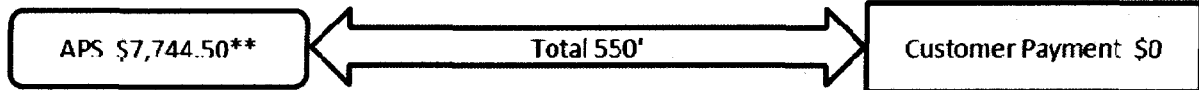


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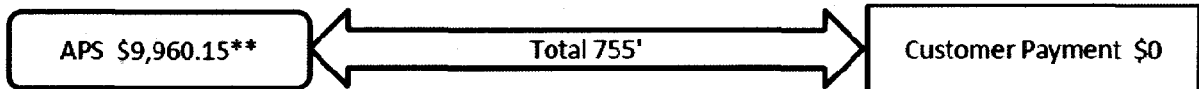
**SERVICE SCHEDULE 3
CONDITIONS GOVERNING EXTENSIONS OF
ELECTRIC DISTRIBUTION LINES AND SERVICES**

**Examples to Section 2.1*
Free Footage Illustrative Example**

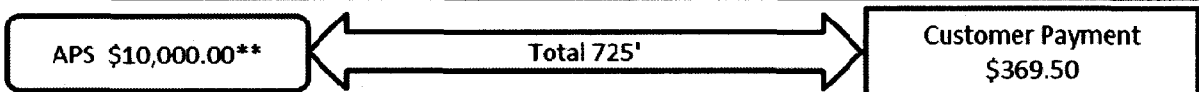
	Primary		Service		Total		Customer Payment
	Footage	Cost	Footage	Cost	Footage	Cost	
Scenario 1	500	\$15.00	50	\$ 4.89	550	\$ 7,744.50	\$ -



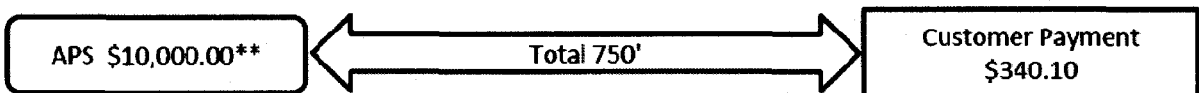
	Primary		Service		Total		Customer Payment
	Footage	Cost	Footage	Cost	Footage	Cost	
Scenario 2	620	\$ 15.00	135	\$ 4.89	755	\$ 9,960.15	\$ -



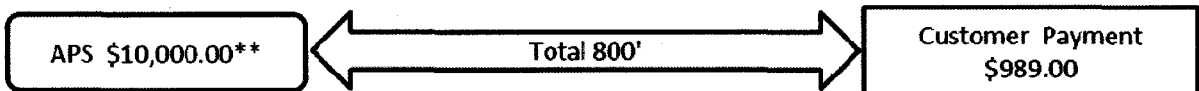
	Primary		Service		Total		Customer Payment
	Footage	Cost	Footage	Cost	Footage	Cost	
Scenario 3	675	\$ 15.00	50	\$ 4.89	725	\$ 10,369.50	\$ 369.50



	Primary		Service		Total		Customer Payment
	Footage	Cost	Footage	Cost	Footage	Cost	
Scenario 4	660	\$ 15.00	90	\$ 4.89	750	\$ 10,340.10	\$ 340.10



	Primary		Service		Total		Customer Payment
	Footage	Cost	Footage	Cost	Footage	Cost	
Scenario 5	700	\$ 15.00	100	\$ 4.89	800	\$ 10,989.00	\$ 989.00



*Scenarios do not reflect all components required for a complete project.

**APS portion does not include cost of transformer.

ARIZONA PUBLIC SERVICE COMPANY
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**SERVICE SCHEDULE 3
CONDITIONS GOVERNING EXTENSIONS OF
ELECTRIC DISTRIBUTION LINES AND SERVICES**

**Attachment 3
Residential Subdivision Illustrative Example**

Scenario 1	
Number of Planned Homes	100
Estimated Construction Cost	\$ 350,000
Total Potential Refundable Allowance	\$ 350,000
Non-Refundable Contribution	\$ -
Number of Homes Completed	100
Credited Allowance	\$ 350,000
Potential Remaining Allowance	\$ -

Scenario 2	
Number of Planned Homes	100
Estimated Construction Cost	\$ 400,000
Total Potential Refundable Allowance	\$ 350,000
Non-Refundable Contribution	\$ 50,000
Number of Homes Completed	100
Credited Allowance	\$ 350,000
Potential Remaining Allowance	\$ -

Scenario 3	
Number of Planned Homes	100
Estimated Construction Cost	\$ 350,000
Total Potential Refundable Allowance	\$ 350,000
Non-Refundable Contribution	\$ -
Number of Homes Completed	45
Credited Allowance	\$ 157,500
Potential Remaining Allowance	\$ 192,500

Scenario 4	
Number of Planned Homes	100
Estimated Construction Cost	\$ 400,000
Total Potential Refundable Allowance	\$ 350,000
Non-Refundable Contribution	\$ 50,000
Number of Homes Completed	45
Credited Allowance	\$ 157,500
Potential Remaining Allowance	\$ 192,500