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BEFORE THE ARIZONA CORPORATION COMMISSION

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Arizona Corporation Commission

AZ CORP COMMISSION
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7 IN THE MATTER OF THE APPLICATION OF) 8 ARIZONA PUBLIC SERVICE COMPANY FOR) 9 A HEARING TO DETERMINE THE FAIR) 10 VALUE OF THE UTILITY PROPERTY OF THE) 11 COMPANY FOR RATEMAKING PURPOSES,) 12 TO FIX A JUST AND REASONABLE RATE OF) RETURN THEREON, TO APPROVE RATE) SCHEDULES DESIGNED TO DEVELOP SUCH) RETURN)	DOCKET NO. E-01345A-11-0224 INTERVENOR'S NOBLE SOLUTIONS, CONSTELLATION ENERGY, DIRECT ENERGY AND SHELL ENERGY STATEMENT OF POSITION IN LIEU OF DIRECT TESTIMONY
--	---

LAWRENCE V. ROBERTSON, JR.
ATTORNEY AT LAW
P.O. Box 1448
Tubac, Arizona 85646
(520) 398-0411

As indicated in their Application for Leave to Intervene in the above-captioned and above-docketed proceeding, Noble Americas Energy Solutions LLC, Constellation NewEnergy, Inc., Direct Energy, LLC and Shell Energy North America's (US), L.P. (collectively "Noble/Constellation/Direct/Shell") primary area of interest in the instant proceeding at this time relates to Arizona Public Service Company's ("APS") proposed Rate Schedule AG-1 (Alternative Generation General Service). In that regard, Noble/Constellation/Direct/Shell to date have served three (3) sets of data requests upon APS, and APS has responded to each set of data requests in a timely manner. In addition, APS has provided Noble/Constellation/Direct/Shell with access to responses which APS has provided to certain data requests received by APS from the Commission's Staff.

Noble/Constellation/Direct/Shell have been analyzing and evaluating the aforesaid APS responses to data requests. In addition, they have begun to identify additional data requests which they intend to serve upon APS, in order to obtain a more complete understanding as to how Rate Schedule AG-1 would be implemented and administered, if approved by the Commission. It is apparent from the data request responses that there are a number of very

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1 important details that need to be worked through and addressed before the program can be
2 further assessed. Illustrative of such details requiring clarification and/or further development in
3 connection with any implementation of Rate Schedule AG-1 are the following:

- 4 a. Obtaining clarity on which customer accounts are actually
- 5 eligible;
- 6 b. Establishing the process for signing up for this service;
- 7 c. Managing the complexity of the proposed contractual
- 8 arrangements;
- 9 d. Establishing appropriate credit requirements;
- 10 e. Imposition of non-bypassable charges; and
- 11 f. Obtaining details of APS' proposed management fee.

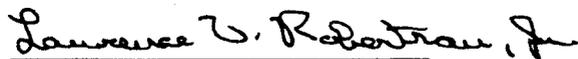
12 In that regard, in responses to certain of Noble/Constellation/Direct/Shell's data requests, APS
13 itself has indicated that various details need to be further developed in conjunction with
14 implementation of Rate Schedule AG-1.

15 As of this juncture, Noble/Constellation/Direct/Shell are not in a position to file prepared
16 Direct Testimony (i) expressing a specific position of APS' proposed Rate Schedule AG-1,
17 and/or (ii) suggesting specific changes or additions to what APS has proposed thus far.
18 However, they do hope to be in a position to file prepared Surrebuttal Testimony on this subject;
19 and, in any event, they do intend to participate in that portion of the forthcoming evidentiary
20 hearings relating to Rate Schedule AG-1. Further, they will participate in any settlement
21 discussions relating to this subject.

22 In the interim, as evidence of Noble/Constellation/Direct/Shell's interest in investigating
23 Rate Schedule AG-1, and the potential ramifications from an implementation of the same,
24 Noble/Constellation/Direct/Shell are attaching hereto as an information filing copies of their
25 First, Second and Third Sets of Data Requests to APS, and APS' responses thereto.

26 Dated this 17th day of November 2011.

27 Respectfully submitted,

28 

Lawrence V. Robertson, Jr.
Of Counsel to Munger Chadwick, PLC

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Attorney for Noble Americas Energy Solutions
LLC, Constellation NewEnergy, Inc., Direct
Energy, LLC and Shell Energy North America
(US), L.P.

The original and thirteen (13) copies of the
foregoing will be filed the 18th day of November 2011 with:

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

A copy of the same served by e-mail or first
class mail this same date to:

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Phoenix, Arizona 85007

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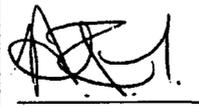
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Appendix “A”

**Arizona Public Service Company
Docket No. E-01345A-11-0224
November 17, 2011
Noble/Constellation/Direct/Shell
Statement of Position in Lieu of Direct Testimony**



JEFFREY W. JOHNSON
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State Regulation

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October 31, 2011

Lawrence V. Robertson, Jr.
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P.O. Box 1448
Tubac, Arizona 85646

RE: Arizona Public Service Company's 2010 Test Year Rate Case
Docket No. E-01345A-11-0224

Attached, please find Arizona Public Service Company's Response to Noble et al's First Set of Data Requests in the above-referenced matter.

If you have any questions regarding this information, please contact Zachary Fryer at (602)250-4167.

Sincerely,

A handwritten signature in black ink, appearing to read "Jeffrey W. Johnson", is written over a printed name.

Jeffrey W. Johnson

JJ/cd
Attachment

NOBLE AMERICAS ENERGY SOLUTIONS LLC, CONSTELLATION
NEWENERGY, INC., DIRECT ENERGY, LLC AND
SHELL ENERGY NORTH AMERICA (US), L.P. ("NOBLE, ET AL")
FIRST SET OF DATA REQUESTS REGARDING THE APPLICATION TO
APPROVE RATE SCHEDULES DESIGNED TO DEVELOP A JUST AND
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DOCKET NO. E-01345A-11-0224
OCTOBER 20, 2011

Noble et al 1.1: With reference to the Application section of the proposed
Experimental Rate Rider Schedule AG-1 ("Schedule AG-1"),
please describe what is meant by use of the term
"aggregated."

1.1.1 Would APS be willing to modify Schedule AG-1 to
include a definition of this term?

1.1.2 If so, what language would APS suggest?

Response:

1.1.1

Yes. APS will revise Schedule AG-1 to add a definition of
"aggregated peak load" at the appropriate time in this
proceeding.

1.1.2

The Company intends that for service under Schedule AG-1,
customer accounts can be aggregated under the same corporate
name, entity and ownership, over multiple sites. For example, a
national chain account customer, where the various sites are
owned by the same corporate entity, could aggregate the loads
over multiple accounts and sites. However, a franchised chain
account, where each site is separately owned, could not. The
proposed definition is:

Aggregated Peak Load: The sum of the maximum metered kW
for the individual customer accounts over the last twelve
months, at the time the customer requests service under this
schedule, for customer accounts billed under the same corporate
name, ownership and identity, as determined by the Company.

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Noble et al 1.2: With reference to the Application section of Schedule AG-1, is the "aggregated Peak load" referred to coincident or non-coincident peak?

Response: APS's term aggregated peak load refers to the sum of maximum monthly metered kW over the prior twelve months, for the individual accounts to be aggregated. Please refer to the response to Noble 1.1.

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Noble et al 1.3: With reference to the Application section of Schedule AG-1, please describe in the context of Schedule AG-1 (i) what is meant by the words "first come first served basis," and (ii) how the proposed experimental program would be administered to achieve that standard of implementation.

1.3.1 What activities by the Customer and the Generation Service Provider are required to meet the "first come" portion of this standard?

1.3.2 What activities by the Customer and the Generation Service Provider are required to meet the "first served" portion of this standard?

1.3.3 What activities would a person or entity have to undertake, and what authorizations would a person or entity have to obtain, if any, in order to qualify as a "Generation Service Provider" within the meaning of Schedule AG-1?

Response:

1.3.1 The Company envisions that the customer would request service under Schedule AG-1 with a designated Generation Service Provider that is credit worthy and able to deliver firm power. At that time the customer would be reserved or placed in the queue for the specified amount of load. The Company will develop specific protocols concerning this issue. Furthermore, when the program is implemented, customers will be notified of their status during the qualification process.

1.3.2 After the initial request, the customer would be given a reasonable amount of time, as determined by the company, to complete any contracts or other activities necessary to receive service under this schedule.

1.3.3 The entity would have to be credit worthy and capable of delivering firm power for this service. Other criteria may be developed as part of the implementation details for this schedule.

Witness: Charles A. Miessner
Page 1 of 1

NOBLE AMERICAS ENERGY SOLUTIONS LLC, CONSTELLATION
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Noble et al 1.4: Is the contract between the Company and the Generation Service Provider referred to in the second paragraph of the "Description of Services" section of Schedule AG-1 the same as the contract between the Customer and the Generation Service Provider referred to in the first paragraph of the "Contract Term and Requirements" section of Schedule AG-1?

1.4.1 If not, please describe the difference(s) between the two (2) contracts.

1.4.2 Please describe the difference(s) between these two (2) agreements (or this agreement if they are one and the same) and the contract between the Customer and the Company referred to in the second paragraph of the "Contract Terms and Requirements" section of Schedule AG-1.

Response: 1.4.1 No. The Company envisions that these would be separate contracts. In fact the transaction will likely entail three contracts: (1) a contract between the customer and the Generation Service Provider, that will specify the intentions, obligations for power and delivery, price, credit and default provisions and other terms that will govern this transaction; (2) a contract between the Company and the Generation Service Provider for purchase and delivery of the power and related terms and conditions; and (3) a contract between the Company and the customer to specify optional services and customer-specific charges under Schedule AG-1, as well as terms related to the power delivery and credit responsibility for this transaction.

1.4.2 Please refer to the response to Noble 1.4.1.

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Noble et al 1.5: With reference to the "Description of Services" section of Schedule AG-1, please describe in detail what activities by APS are contemplated in connection with the phrase "manage the contract for the customer."

Response: The referenced service would include activities such as scheduling the energy to load, managing shortfalls, settling imbalances, providing accounting support and other services necessary to manage the receipt of power for the customer's load.

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Noble et al 1.6: With reference to the "Description of Services" section of Schedule AG-1, please describe in detail what activities by APS are contemplated in connection with the phrase "APS' management of the generation resource."

Response: The cited phrase, which is in the "Contract Term and Requirements" section of the schedule contemplates the same type of activities discussed in response to Noble 1.5.

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OCTOBER 20, 2011

Noble et al 1.7: With reference to the "Credit Requirements" section of Schedule AG-1, please describe in detail the criteria APS intends to use to determine "creditworthiness [of the Generation Service Provider] acceptable to [the] Company."

Response: The details of the credit requirement will be further developed with the implementation details for this schedule. However, the Company contemplates that such requirements will be generally consistent with similar requirements that are typically specified for wholesale energy transactions.

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Noble et al 1.8: Does APS have any retail customers currently receiving 3rd-party generation supply? If so, please (i) identify those type(s) of customers and (ii) describe those arrangements.

Response: Yes. APS provides retail service to customers who receive power from third party owned solar facilities, and to governmental entities eligible for federal preference power.

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Noble et al 1.9: Please provide a count of the number of service accounts and their associated customer accounts that would qualify for this proposed rate schedule.

1.9.1 Of the qualifying accounts, what is the total associated MWhrs per year?

Response: The Company does not have a precise determination of all of the customer accounts that could qualify for service under Schedule AG-1, because it has not determined all of the customer entities that might be able to aggregate their load to meet the minimum requirement. However, APS anticipates the aggregation provision would allow a significant number of customers to be eligible. The company has estimated potential participation in this schedule by identifying retail customers with single sites greater than 10 MW, and very large governmental or corporate entities that would be reasonable candidates for aggregation. This list includes 14 customer entities comprising 496 metered accounts and roughly 1,650,000 MWh per year.

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Noble et al 1.10: Please describe in detail how APS plans to calculate and implement the Power Supply Adjuster and Hedge Cost True-Up.

1.10.1 What factors will APS take into account in order to make these calculations?

1.10.2 Please provide APS's current estimate of this number.

Response:

1.10.1 The customer will be subject to the historical component charge of the power supply adjustor (PSA) for the first 12 months of their participation in Schedule AG-1. This would be a credit if the historical PSA charge is less than zero and a charge if it is greater than zero. The monthly billed amount will be the approved PSA historical component charge times the customer's monthly billed kWh.

The hedge cost true-up amount will be a charge (or credit) that represents the stranded fuel hedges that were made on behalf of the customer. This charge will be based on the hedge price versus the forecasted fuel price over the term of the customer's contract for alternative generation under this schedule. The charge (or credit) will be determined by computing the expected annual hedge cost per kWh of total retail sales. The customer would be billed the per kWh charge times their monthly kWh over the first three years of their contract. The monthly charge could be converted to a one-time billed amount.

The details of both of these amounts will be specified in the customer contract

1.10.2 The historical PSA charge is currently $-\$0.002642$ per kWh. However, it is expected to be reset to zero or slightly positive amount when it is reset with the general rate case in 2012.

The hedge cost would depend on the forecast of fuel costs at the time the customer begins service under Schedule AG-1, which will change.

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Noble et al 1.11: Please provide, (i) in spreadsheet form, all of the billing components a service account on this rate schedule would expect to receive on a monthly basis and (ii) a mock-up example of the customer's bill.

Response: A billing spreadsheet and mock-up will be developed as part of the implementation details for this schedule, but have not been developed and therefore are not available at this time. The Company envisions that the bill would provide the billing determinants and charges or credits for any hourly imbalance energy, the billing determinants and charge for the management fee, the billing determinants and charge for the reserve capacity charge, APS charges for delivery services and any other relevant charge specified in rate schedule or contract.

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Noble et al 1.12: With reference to Subsection 2 under "Rates," please (i) describe the methodology and (ii) provide the quantitative analysis APS used in calculating the Management Fee.

1.12.1 What service(s) is APS providing customers for this fee?

Response: 1.12.1 The services that APS would provide are discussed in response to Noble 1.2 and are similar to the services entailed in the management and administration of wholesale energy contracts.

The proposed fee was set at a level to reasonably recover administrative costs for the program. The actual administrative costs and revenue from this fee will depend on the actual participation in the program along with other factors that are unknown at this time. For example, at an assumed 100 MW participation at 60% load factor, the proposed fee would generate roughly \$26,280 per month.

While the Company did not perform a specific cost analysis, it believes that this level could reasonably recover the related administrative cost for this service.

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Noble et al 1.13: Please describe in detail what specific criteria APS intends to use to determine if the Generation Service Provider has met APS's minimum requirements associated with "...provide[ing] the customer firm power sufficient to meet their full requirements (total load), as agreed to by the customer and the Company".

Response: In general, the Generation Service Provider would be required to serve at least 90%, but no more than 110%, of the customer's hourly average load. Other specific requirements may be developed as part of the implementation details for the program.

NOBLE AMERICAS ENERGY SOLUTIONS LLC, CONSTELLATION
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Noble et al 1.14: With reference to Subsection 3 of "Rates," does APS have any costs associated with generation embedded in the kWh and kW charges in the "Customer's current applicable parent rate schedule and any other applicable adjustment schedules"?

Response: The Company's retail rates are unbundled into generation, delivery and other components. All of the Company's generation costs are billed under the unbundled generation component along with the PSA adjustor (fuel adjustor), the EIS adjustor, and the proposed ERA adjustor, which relate to environmental improvements to generation plant as well as certain plant additions. The Company proposes that customers participating in schedule AG-1 would be exempt from these generation-related charges except as set forth in Noble, et al 1.10.

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Noble et al 1.15: With reference to the "Reserve Capacity Charge," please describe the methodology and analysis that will be used by APS in determining the monthly reserve capacity charge of 15% of the customer's monthly peak load.

Response: The reserve capacity charge will be based on the Company's incremental cost for peaking capacity converted to a dollar per kW month. The initial charge will be specified in the contract at the time of service, and may be modified from time to time over the contract life. This charge will be multiplied by 15% of the customer's monthly maximum metered kW to determine the billed amount.



JEFFREY W. JOHNSON
Regulatory Affairs Supervisor
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October 31, 2011

Lawrence V. Robertson, Jr.
Attorney At Law
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Tubac, Arizona 85646

RE: Arizona Public Service Company's 2010 Test Year Rate Case
Docket No. E-01345A-11-0224

Attached, please find Arizona Public Service Company's Response to Noble et al's
Second Set of Data Requests in the above-referenced matter.

If you have any questions regarding this information, please contact Zachary Fryer at
(602)250-4167.

Sincerely,

A handwritten signature in black ink, appearing to read "Jeffrey W. Johnson", is written over a horizontal line.

Jeffrey W. Johnson

JJ/cd
Attachment

NOBLE AMERICAS ENERGY SOLUTIONS LLC, CONSTELLATION
NEWENERGY, INC., DIRECT ENERGY, LLC AND
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SECOND SET OF DATA REQUESTS REGARDING THE APPLICATION TO
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DOCKET NO. E-01345A-11-0224
OCTOBER 21, 2011

Noble et al 2.1: The Availability Section of the proposed Experimental Rate Rider Schedule AG-1 ("Schedule AG-1") says that Schedule AG-1 is "available in all territory served by the Company at all points where facilities of adequate capacity and the required phase and suitable voltage are adjacent to the sites served." Please identify the points that meet these criteria.

2.1.1 Are there any points in the territory served by the Company where Schedule AG-1 would not be available due to this requirement?

2.1.2 What are the criteria that determine whether the required facilities are of "adequate capacity and the required phase and suitable voltage" to meet the requirement of Schedule AG-1?

Response: 2.1.1 The availability section is standard language that is used in APS' retail standard offer rate schedules. The Company generally anticipates that Schedule AG-1 would be available to retail customers that are currently receiving power from the APS grid. We do not anticipate there will be areas where this language will restrict participation. Typically the customers will already be served by the APS system. However, new customers who request service under schedule AG-1 will be required to comply with APS's Line Extension Policy, Service Schedule 3.

2.1.2 The Company generally anticipates that Schedule AG-1 would be available to retail customers that are currently receiving power from the APS grid.

NOBLE AMERICAS ENERGY SOLUTIONS LLC, CONSTELLATION
NEWENERGY, INC., DIRECT ENERGY, LLC AND
SHELL ENERGY NORTH AMERICA (US), L.P. ("NOBLE, ET AL")
SECOND SET OF DATA REQUESTS REGARDING THE APPLICATION TO
APPROVE RATE SCHEDULES DESIGNED TO DEVELOP A JUST AND
REASONABLE RATE OF RETURN
DOCKET NO. E-01345A-11-0224
OCTOBER 21, 2011

Noble et al 2.2: With respect to "Application" section of the Schedule AG-1, what criteria will be administered if more than one request is received at the same time, and both cannot be filled due to the 200 MW cap?

Response: This detail will be addressed with the development of the implementation details of the Schedule AG-1. However, the Company anticipates under this rare situation that if the combined load of the two applicants resulted in a total program load that was only marginally over the 200 MW program cap, that both could likely be accommodated. If the combined load moved the program significantly over the 200 MW cap, then some other method of breaking a tie in the application process would have to be used. APS has not developed such a tie-breaker.



JEFFREY W. JOHNSON
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November 17, 2011

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RE: Arizona Public Service Company's 2010 Test Year Rate Case
Docket No. E-01345A-11-0224

Attached, please find Arizona Public Service Company's Response to Noble et al's Third Set of Data Requests in the above-referenced matter.

If you have any questions regarding this information, please contact Zachary Fryer at (602)250-4167.

Sincerely,

A handwritten signature in black ink, appearing to read "Jeffrey W. Johnson", is written over a printed name.

Jeffrey W. Johnson

JJ/sl
Attachment

NOBLE AMERICAS ENERGY SOLUTIONS LLC, CONSTELLATION
NEWENERGY, INC., DIRECT ENERGY, LLC AND
SHELL ENERGY NORTH AMERICA (US), L.P. ("NOBLE, ET AL")
THIRD SET OF DATA REQUESTS REGARDING THE APPLICATION TO
APPROVE RATE SCHEDULES DESIGNED TO DEVELOP A JUST AND
REASONABLE RATE OF RETURN
DOCKET NO. E-01345A-11-0224
NOVEMBER 9, 2011

Noble et al 3.1 Please provide copies of all data requests received by APS and all responses provided by APS which pertain to APS' proposed Rate Schedule AG-1.

Response: All data requests submitted to APS and the respective responses are located on the APS rate case website. The following discovery questions pertain specifically to Schedule AG-1:

- Staff 3.43, 7.3, 7.8, and 7.9
- Noble 1.1 - 1.15, 2.1, and 2.2

ARIZONA CORPORATION COMMISSION
STAFF'S THIRD SET OF DATA REQUESTS
REGARDING THE APPLICATION TO APPROVE RATE SCHEDULES
DESIGNED TO DEVELOP A JUST AND REASONABLE RATE OF RETURN
DOCKET NO. E-01345A-11-0224
JULY 21, 2011

Staff 3.43: **Rate Design:** Please provide any studies performed by or for the Company that considered, evaluated or reviewed the need for or opportunities arising from the development and implementation of Rate Schedule AG-1. [Miessner Direct 20:1]

Response: The Company believes that Rate Schedule AG-1 could be a beneficial option for some customers. It would permit customers to take more responsibility for their energy costs and exercise more control over these costs.

ARIZONA CORPORATION COMMISSION
STAFF'S SEVENTH SET OF DATA REQUESTS
REGARDING THE APPLICATION TO APPROVE RATE SCHEDULES
DESIGNED TO DEVELOP A JUST AND REASONABLE RATE OF RETURN
DOCKET NO. E-01345A-11-0224
AUGUST 11, 2011

- Staff 7.3: **Tariffs:** For each of the following new rate schedules:
1. Rate Schedule AG-1 – Alternative Generation Rate
 2. Rate Schedule E-36 M – Station Use Service M
 - a. Please explain why the new rate schedules are being created.
 - b. Identify the rate schedules where current customers will be transferred.
 - c. How many customers are expected to transfer into the new rate schedule?
 - d. What are the billing determinants, if any?
 - e. Identify the impact to customers' bills for any customer transferred from an existing rate schedule.

- Response: 1. Rate Rider Schedule AG-1 – Alternative Generation Rate
- a. This rate is offered to provide an option for extra-large business customers that want to acquire generation services from an alternate source in order to provide an alternate hedge to their costs, potentially lower their costs by assuming more risk, or for other reasons specific to each customer.
 - b. Rate Rider Schedule AG-1 is an optional rate rider, therefore, no customers will be transferred to the rate. Eligible customers will likely be served on one of the general service "parent" rate schedules in conjunction with Rate Rider Schedule AG-1.
 - c. The expected participation is unknown at this time. However, the Company believes that participation is likely to be limited to a few large customer entities. In addition, as proposed, the minimum required aggregate load is 10 MW per customer and the maximum total program participation is capped at 200 MW. Thus, maximum customer participation would be 20 (although a customer may have multiple accounts).
 - d. Because this is a new optional service, no billing determinants specific to this service were estimated or included in the test year proofs of revenue.
 - e. The potential impact on the bills of participating customers was not estimated because it would depend on the generation prices that the customer could acquire from an alternate source, which is unknown at this time.

Witness: Chuck Miessner
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ARIZONA CORPORATION COMMISSION
STAFF'S SEVENTH SET OF DATA REQUESTS
REGARDING THE APPLICATION TO APPROVE RATE SCHEDULES
DESIGNED TO DEVELOP A JUST AND REASONABLE RATE OF RETURN
DOCKET NO. E-01345A-11-0224
AUGUST 11, 2011

Response to
Staff 7.3
Continued:

2. Rate Rider Schedule E-36 M - Station Use Service M

- a. This rate is offered to accommodate merchant generators with station use loads less than 3 MW. The Company's current station use rate, Schedule E-36, only applies to loads of 3 MW and above.
- b. Current customers that would qualify for Rate Rider Schedule E-36 M are currently being served under one of the Company's E-32 strata rate schedules (E-32 XS, E-32 S, E-32 M or E-32 L).
- c. The Company is currently serving 4 customers that would qualify for Rate Rider Schedule E-36 M.
- d. Customers will continue to be billed under an E-32 rate schedule, except that the unbundled basic service charge and revenue cycle service charges will be higher to recover the higher costs of metering these customers. Therefore, the relevant change in test year billing determinants would be the number of billing days for existing customers. An estimate of this value would be 365 billing days times 4 customers or 1,460 billed days, given that all four customers were operating for all 12 months of the test year.
- e. The bill impacts would be relatively modest because the customer will continue to be billed under an E-32 rate schedule, except that the unbundled basic service charge and revenue cycle service charges will be higher under Rate Rider Schedule E-36 M to recover the higher costs of serving these customers.

For example, a customer that is served under Rate Schedule E-32 M with an instrument rated meter and now would be billed under that parent rate in conjunction with Rate Rider Schedule E-36 M, would pay an additional \$1.02 per day, or \$30.6 per month, assuming 30 billing days per month.

Witness: Chuck Miessner
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ARIZONA CORPORATION COMMISSION
STAFF'S SEVENTH SET OF DATA REQUESTS
REGARDING THE APPLICATION TO APPROVE RATE SCHEDULES
DESIGNED TO DEVELOP A JUST AND REASONABLE RATE OF RETURN
DOCKET NO. E-01345A-11-0224
AUGUST 11, 2011

Staff 7.8: **Tariffs:** Regarding the Experimental Rate Rider Schedule AG-1 - Alternative Generation General Service. Please provide the cost studies supporting the management fee of \$.00060 per kWh.

Response: APS did not perform a detailed cost study for this proposed fee, but believes that it is generally consistent with the range of typical uplift charges typically assessed for the management and administration of wholesale energy contracts, which is a directly analogous service to what is being provided by APS to AG-1 customers.

ARIZONA CORPORATION COMMISSION
STAFF'S SEVENTH SET OF DATA REQUESTS
REGARDING THE APPLICATION TO APPROVE RATE SCHEDULES
DESIGNED TO DEVELOP A JUST AND REASONABLE RATE OF RETURN
DOCKET NO. E-01345A-11-0224
AUGUST 11, 2011

Staff 7.9: **Tariffs:** Regarding the Rate Rider Schedule AG-1 – Alternative Generation General Service. After a customer's contract ends, can a customer renew his/her contract or will they be automatically charged a returning customer fee and placed back into their original rate schedule?

Response: After a customer's contract ends they may renew their contract or obtain a new contract without being assessed a returning customer fee. In addition, the participating customer will not be assessed a returning customer fee at the end of the three year pilot program, if the program is discontinued at that time. However, if they discontinue service under Rate Rider Schedule AG-1 and return to the bundled generation service under their "parent" rate during the 3-year pilot period (or any extension thereof), they would be assessed a returning customer fee.