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State Regulation

Mail Station 9708

PO Box 53999

Phoenix, Arizona 85072-3999

Tel 602-250-2661

Jeffrey.Johnson@aps.com

Arizona Corporation Commission

DOCKETED

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DOCKETED BY

February 2, 2012

Docket Control
Arizona Corporation Commission
1200 W. Washington
Phoenix, AZ 85007

RE: Arizona Public Service Company's 2012 RES Implementation Plan
Docket No. E-01345A-11-0264, Decision No. 72737

Pursuant to Decision No. 72737 dated January 18, 2012:

IT IS FURTHER ORDERED that Arizona Public Service Company shall file tariffs in compliance with the Decision in this case within 15 days of the effective date of the Decision.

Attached please find Arizona Public Service Company's red-lined and non red-lined Rate Schedules RES, SGSP, Schedule 6, and the non redlined RES POA.

If you have any questions regarding this information, please contact Chuck Miessner at (602)250-3081.

Sincerely,

Jeffrey W. Johnson

JJ/cd
Attachments

RED-LINED



**ADJUSTMENT SCHEDULE RES
RENEWABLE ENERGY STANDARD**

APPLICATION

The Renewable Energy Standard ("RES") Adjustor shall apply to all retail Standard Offer or Direct Access service, excluding kWh served in accordance with rate schedules Solar-2, Solar-3, and Adjustment Schedules GPS-1, GPS-2, and GPS-3. All provisions of the customer's current applicable rate schedule will apply in addition to the RES Adjustor. From time to time, the RES program spending requirements will be evaluated and if necessary the charge and/or caps may be modified by the Commission. Any new charges/caps will be applied in billing cycle 1 beginning in the month following Commission approval in ~~A.C.C. Decision No. 70654~~ and will not be prorated. Details regarding the administration of this Adjustor can be found in ~~A.A.C. R14-2-1808~~ the Company's Renewable Energy Standard Adjustment Schedule Plan of Administration. The RES Adjustor and the Demand Side Management Adjustor may be combined on the customer's bill and shown on the "Environmental Benefits Surcharge" line.

RATES

The bill shall be calculated at the following rates:

All kWh \$0.0101320.009588 per kWh

SURCHARGE LIMITS

The monthly total of the Renewable Energy Standard Adjustment Charge shall not exceed the following limits:

Residential Customers \$4.053.84 per service per month

Non-residential Customers \$150.53142.44 per service per month

Non-residential Customers with demand of 3,000 kW or higher per month for three consecutive months \$451.60427.33 per service per month



**RATE RIDER SCHEDULE RSGSP
RURAL SCHOOLS AND GOVERNMENT SOLAR
PROGRAM**

AVAILABILITY

This rate schedule is available in all territory served by the Company at all points where facilities of adequate capacity and the required phase and suitable voltage are adjacent to the sites served. The rate schedule was approved by the Arizona Corporation Commission ("ACC") in Decision Nos. 72022, ~~and 72174,~~ and 72737.

APPLICATION

This rate schedule shall apply to retail Standard Offer electric service for eligible public elementary and secondary schools (K-12), including charter schools, and eligible government customers served under rate schedules E-32 S, E-32 M, E-32-L, E-32TOU S, E-32TOU M, E-32TOU L, GS-SCHOOLS M, ~~and GS-SCHOOLS L,~~ E-34, and E-35 or their successor rate schedules as approved by the ACC. All provisions of the customer's current applicable rate schedule will apply in addition to the charges and credits defined within this rate schedule. Rate Rider Schedule RSGSP may not be used in conjunction with any of the Company's partial requirements rate schedules.

A. Rural Schools Solar Program

Eligibility shall be determined by the Company based on the following requirements:

- (1) The customer must be an economically challenged school as defined as having a per pupil available bonding capacity of \$8,000 or less and 60% or more of its students participating in free or reduced lunch program;
- (2) The customer facility must be located in a designated rural area as classified by the U.S. Census Bureau;
- (3) The customer must provide an alternate solar proposal from a third-party not affiliated with APS; and
- (4) The customer must be a participant in the Rural Schools Solar Program and therefore meet the program requirements including but not limited to (a) granting the Company an easement to install, own, operate and maintain a solar photovoltaic system on customer's premises and (b) meeting the technical requirements for the customer's premises.

The Rural Schools Solar Program will be limited to 8 MW-DC total capacity of all participating solar photovoltaic systems, on a first come first served basis, based on the order in which the applications for the program are received by the Company.

B. Schools and Government Solar Expansion Program

Eligibility for metro public elementary and secondary schools shall be determined by the Company based on the following requirements:

- (1) The customer must be an economically challenged school as defined as having a per pupil available bonding capacity of \$8,000 or less and 60% or more of its students participating in free or reduced lunch program;
- (2) The customer must provide an alternate solar proposal from a third-party not affiliated with APS; and
- (3) The customer must be a participant in the Schools and Government Solar Expansion Program and therefore meet the program requirements including but not limited to (a) granting the Company an easement to install, own, operate and maintain a solar photovoltaic system on customer's premises and (b) meeting the technical requirements for the customer's premises.

Eligible government customers shall include sites that are owned and occupied by a federal, state, or local government entity, including institutions of higher learning, as determined by the Company.

The Schools and Government Solar Expansion Program will be limited to 6.25 MW-AC total capacity of all participating solar photovoltaic systems, and will focus on economically challenged schools in all areas within APS's territory.



**RATE RIDER SCHEDULE RSGSP
RURAL SCHOOLS AND GOVERNMENT SOLAR
PROGRAM**

on a first come first served basis, based on the order in which the applications for the program are received by the Company.

TERM

The Solar Charge herein shall remain in effect for 20 years from the customer's effective date. Customers can discontinue participation in this rate schedule at any time without penalty.

SOLAR OPTIONS

The solar photovoltaic equipment size options available under this rate schedule shall be less than or equal to 350 kW-DC of nominal rated capacity for customers with a K-8 school or facilities totaling 75,000 square feet or less at the site where the solar equipment is installed. For customers with a high school or facilities totaling more than 75,000 square feet the solar equipment shall be less than or equal to 550 kW-DC.

In addition, the solar equipment capacity (kW-AC) shall not be greater than 125% of the customer's connected load (kW-AC) as determined in accordance to rate schedule EPR-6 and A.A.C. R14-2-2302, nor shall the Solar Energy be more than 100% of the customer's metered kWh for the previous 12 months. Both of these limitations shall be determined at the time of initial qualification for the rate.

DETERMINATION OF SOLAR ENERGY

The Solar Energy, which is the nominal expected monthly kWh output from the photovoltaic solar equipment over time, shall be derived by multiplying the kW-DC rating of the photovoltaic equipment by an average monthly production factor (kWh-AC per kW-DC), as determined by the Company. The monthly production factor is 90 kWh-AC per kW-DC. For billing purposes, the Solar Energy in any month shall not exceed the customer's metered kWh used in computing the monthly bill. For totalized metering service provided under Service Schedule 4, the Solar Energy shall not exceed the metered kWh from the single service entrance section where the solar facility is installed.

RATES

The customer's monthly bill shall be calculated in accordance with their current applicable rate schedule except that:

- (1) The monthly bill will include a Solar Charge, which is the Solar Energy multiplied by the per kWh charges listed below.

Applicable Retail Rate Schedule	Solar Charge per kWh
E-32 S, E-32 M, E-32 L	<u>\$0.092930.07665</u>
E-32TOU S, E-32TOU M, E-32TOU L	<u>\$0.058550.05502</u>
GS-SCHOOLS M, GS-SCHOOLS L	<u>\$0.071580.07571</u>
<u>E-34</u>	<u>\$0.04236</u>
<u>E-35</u>	<u>\$0.04128</u>

- (2) The monthly bill will be based on the Customer's total metered usage net of the Solar Energy applied to all unbundled kWh charges and adjustments in the customer's current applicable rate schedule, where the netted kWh shall not be less than zero. The netting shall be applied as follows:



**RATE RIDER SCHEDULE RSGSP
RURAL SCHOOLS AND GOVERNMENT SOLAR
PROGRAM**

- E-32TOU S, E-32TOU M, E-32TOU L, E-35 - 50% of Solar Energy shall be netted from on-peak kWh, 50% from off-peak kWh. If the net kWh is less than zero for either the on-peak or off-peak period, the remaining kWh shall be netted from the other time period, where the netted amount shall not be less than zero.



**RATE RIDER SCHEDULE RSGSP
RURAL SCHOOLS AND GOVERNMENT SOLAR
PROGRAM**

RATES (cont)

- E-32 S, E-32 M, E-32 L - Solar Energy shall be netted 60% from the first tier kWh charges level and 40% from the second tier kWh level. If the netted kWh is less than zero for either tier the remaining kWh shall be netted against the other kWh second tier of kWh charges, where the netted amount shall not be less than zero.
- GS-SCHOOLS M, GS-SCHOOLS L – Solar Energy shall be netted from the on-peak, shoulder-peak and off-peak kWh according to the following allocation:

Season	Time Period		
	On-Peak	Shoulder-Peak	Off-Peak
Summer Peak (Jun-Aug)	15.0%	35.0%	50.0%
Summer Shoulder (May, Sep & Oct)	15.0%	35.0%	50.0%
Winter (Nov-Apr)	20.0%	10.0%	70.0%

If the net kWh is less than zero in any period, the remaining kWh shall be applied first to the on-peak, and then the shoulder-peak, and the off-peak period if necessary, where the resulting kWh in any period shall not be less than zero.

- E-34 - Solar Energy shall be netted from the kWh level, where the resulting kWh shall not be less than zero.
- Any reductions to the monthly kWh billed under Schedule RES and Schedule EIS due to participation in green power schedules GPS-1, GPS-2, GPS-3 and Solar-3 will be capped at the customer's total metered kWh net of the Solar Energy provided in Schedule RSGSP.
- The Solar Energy shall be netted against the metered kWh from the single service entrance section where the solar facility is installed and shall not be netted against metered kWh from any other metered kWh at other points of delivery at the same customer site or other sites.

TERMS AND CONDITIONS

Service under this rate schedule is subject to the Company's Terms and Conditions of the customer's parent rate schedule. This schedule has provisions that may affect the customer's bill.



SERVICE SCHEDULE 6
INTERCONNECTION STUDY SERVICES₂ AND FEES FOR
NON-FERC WHOLESALE GENERATION FACILITIES

1. APPLICABILITY

- 1.1 The services, provisions and fees in this schedule shall apply to an entity (~~Applicant-Developer~~) desiring to interconnect a generating facility to the Arizona Public Service (APS or Company) power delivery system that is not otherwise subject to the Federal Energy Regulatory Commission (FERC) interconnection processes or rules. *See* 18 C.F.R. § 292.306; *Western Massachusetts Electric Co.*, 61 FERC ¶61,182 at p. 61,661-62 (1992), *aff'd* 165 F.3d 922, 926 (D.C. Cir. 1999).
- 1.2 This schedule shall only apply to: 1) for third-party-owned generation, a Qualifying Facility as defined in 18 C.F.R. § 292.203, for which the total generation output that is transmitted to the APS power delivery system is sold directly to APS, and 2) for APS-owned generation, generation that otherwise would meet the requirements in 18 C.F.R. § 292.203.
- 1.3 This schedule shall not apply to a generating facility that is interconnected on the load side of an APS retail customer's meter and is primarily intended to serve the customer's electricity requirements, including, for example, a net metering facility as defined in A.A.C. R14-2-2302.

2. DESCRIPTION OF STUDY SERVICES

- 2.1 Feasibility Study - APS will conduct a preliminary review of the potential impacts of the proposed generating facility on the APS power delivery system. The study will assess the expected capacity requirements of the proposed generator on the delivery system compared with the available system capacity at the point of interconnection and identify any potential overload issues for the delivery system and circuit protection devices. Additionally, this study will provide an initial assessment of the complexity and likely costs for the interconnection.
 - 2.1.1 ~~The Developer~~Applicant shall identify the proposed project site location prior to commencement of the study.
 - 2.1.2 Although the Feasibility Study is optional, no system impact or cost information will be provided by APS without the study and associated fee.
- 2.2 System Impact Study - APS will conduct a full technical review of the project's impact on the APS power delivery system, including power flow, stability analysis (69 kV and above only), APS system protective device coordination, system protection schemes and voltage drop. This study will determine if any upgrades to APS's system are required to build and interconnect the project as designed.
 - 2.2.1 Although the System Impact Study is optional, no related information will be provided by APS without the study and fee.
- 2.3 Facilities Study - APS will conduct a comprehensive analysis of the actual construction requirements for the APS power delivery system, based on the information from the Feasibility Study and System Impact Study or equivalent information provided by the ~~Applicant-Developer~~ or third party. The study shall provide the detailed costs of construction and milestones associated with the requirements.
 - 2.3.1 This study is required for interconnection to the Company's power delivery system.

ARIZONA PUBLIC SERVICE COMPANY
Phoenix, Arizona
Filed by: David J. Rumolo
Title: Manager, Regulation and Pricing
Original Effective Date: January 1, 2011

A.C.C. No. ~~5784~~5795
Canceling A.C.C. No. 5781
Service Schedule 6
OriginalRevision No. 1
Effective: ~~January 1, 2011~~January 1, 2012



SERVICE SCHEDULE 6
INTERCONNECTION STUDY SERVICES, AND FEES FOR
NON-FERC WHOLESALE GENERATION FACILITIES

~~2.3.12.3.2~~ If the Applicant chooses to forgo the Feasibility and System Impact Studies, the technical analysis normally included in the System Impact Study may be conducted as part of the Facilities Study.

2.4 All services in this schedule are distinct from any similar-termed services provided by APS under FERC interconnection processes, which are not governed by this schedule.

3. STUDY FEES

3.1 ~~Non-refundable~~ Feasibility Study:

3.1.1 Interconnections below 69 kV - \$5,000 per study (non-refundable).

~~3.1.1.2~~ Interconnections 69 kV and above – Applicant will pay APS’s actual cost of performing study.

3.2 ~~Non-refundable~~ System Impact Study:

3.2.1 Interconnections below 69 kV - \$15,000 per study. Fee shall be reduced to \$10,000 if a Feasibility Study has been completed by APS for the specific project (non-refundable).

~~3.1.23.2.2~~ Interconnections 69 kV and above – Applicant will pay APS’s actual cost of performing study.

3.3 Facilities Study:

~~Interconnections below 69 kV – \$100 per hour. The total fee shall be reduced by any payments received under subsections 3.1 and 3.2 for the specific project, where the net amount shall not be less than zero.~~

~~3.1.33.3.1~~ All interconnections 69 kV and above – Applicant pays APS’s actual cost of performing study.

4. PAYMENTS

4.1 ~~Payments of fees for Interconnections below 69 kV~~ For interconnections below 69 kV, study fees under sections 3.1.1 and 3.2.1 ~~shall be non-refundable and~~ will be due prior to the commencement of the study.

~~4.1.4.2~~ For interconnections ~~6~~ interconnection 69 kV and above, under 3.1 – Applicant shall provide a \$20,000 deposit to APS prior to the commencement of the Feasibility Study under section 3.1.2 and a \$340,000 deposit to APS prior to the commencement of the System Impact Study under section 3.2.2. At the completion of the

ARIZONA PUBLIC SERVICE COMPANY
Phoenix, Arizona
Filed by: David J. Rumolo
Title: Manager, Regulation and Pricing
Original Effective Date: January 1, 2011

A.C.C. No. 57845795
Canceling A.C.C. No. 5781
Service Schedule 6
Original Revision No. 1
Effective: January 1, 2011/January 1, 2012



SERVICE SCHEDULE 6
INTERCONNECTION STUDY SERVICES₂ AND FEES FOR
NON-FERC WHOLESALE GENERATION FACILITIES

~~69 kV and above studies under sSections 3.1.2 and 3.2.2-, the Applicant shall pay any remaining fees above the deposit to APS or shall be refunded any excess deposit amount by APS.~~

~~4.3 For all interconnections, services under 3.3, the customer-Applicant shall provide a \$55,000 deposit to APS prior to the commencement of the Facilities Study under section 3.3study. At the completion of the study the Applicant customer shall pay any remaining fees above the deposit to APS or shall be refunded any excess deposit amount by APS.~~

5. FACILITIES INSTALLATION

~~4.2-The construction or installation of interconnection facilities will be completed in accordance with the provisions of a separate agreement or contract.~~

NON RED-LINED



**ADJUSTMENT SCHEDULE RES
RENEWABLE ENERGY STANDARD**

APPLICATION

The Renewable Energy Standard ("RES") Adjustor shall apply to all retail Standard Offer or Direct Access service, excluding kWh served in accordance with rate schedules Solar-2, Solar-3, and Adjustment Schedules GPS-1, GPS-2, and GPS-3. All provisions of the customer's current applicable rate schedule will apply in addition to the RES Adjustor. From time to time, the RES program spending requirements will be evaluated and if necessary the charge and/or caps may be modified by the Commission. Any new charges/caps will be applied in billing cycle 1 beginning in the month following Commission approval and will not be prorated. Details regarding the administration of this Adjustor can be found in the Company's Renewable Energy Standard Adjustment Schedule Plan of Administration. The RES Adjustor and the Demand Side Management Adjustor may be combined on the customer's bill and shown on the "Environmental Benefits Surcharge" line.

RATES

The bill shall be calculated at the following rates:

All kWh	\$0.009588	per kWh
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SURCHARGE LIMITS

The monthly total of the Renewable Energy Standard Adjustment Charge shall not exceed the following limits:

Residential Customers	\$3.84	per service per month
Non-residential Customers	\$142.44	per service per month
Non-residential Customers with demand of 3,000 kW or higher per month for three consecutive months	\$427.33	per service per month



RATE RIDER SCHEDULE SGSP SCHOOLS AND GOVERNMENT SOLAR PROGRAM

AVAILABILITY

This rate schedule is available in all territory served by the Company at all points where facilities of adequate capacity and the required phase and suitable voltage are adjacent to the sites served. The rate schedule was approved by the Arizona Corporation Commission ("ACC") in Decision Nos. 72022, 72174, and 72737.

APPLICATION

This rate schedule shall apply to retail Standard Offer electric service for eligible public elementary and secondary schools (K-12), including charter schools, and eligible government customers served under rate schedules E-32 S, E-32 M, E-32-L, E-32TOU S, E-32TOU M, E-32TOU L, GS-SCHOOLS M, GS-SCHOOLS L, E-34, and E-35 or their successor rate schedules as approved by the ACC. All provisions of the customer's current applicable rate schedule will apply in addition to the charges and credits defined within this rate schedule. Rate Rider Schedule SGSP may not be used in conjunction with any of the Company's partial requirements rate schedules.

A. Rural Schools Solar Program

Eligibility shall be determined by the Company based on the following requirements:

- (1) The customer must be an economically challenged school as defined as having a per pupil available bonding capacity of \$8,000 or less and 60% or more of its students participating in free or reduced lunch program;
- (2) The customer facility must be located in a designated rural area as classified by the U.S. Census Bureau;
- (3) The customer must provide an alternate solar proposal from a third-party not affiliated with APS; and
- (4) The customer must be a participant in the Rural Schools Solar Program and therefore meet the program requirements including but not limited to (a) granting the Company an easement to install, own, operate and maintain a solar photovoltaic system on customer's premises and (b) meeting the technical requirements for the customer's premises.

The Rural Schools Solar Program will be limited to 8 MW-DC total capacity of all participating solar photovoltaic systems, on a first come first served basis, based on the order in which the applications for the program are received by the Company.

B. Schools and Government Solar Expansion Program

Eligibility for metro public elementary and secondary schools shall be determined by the Company based on the following requirements:

- (1) The customer must be an economically challenged school as defined as having a per pupil available bonding capacity of \$8,000 or less and 60% or more of its students participating in free or reduced lunch program;
- (2) The customer must provide an alternate solar proposal from a third-party not affiliated with APS; and
- (3) The customer must be a participant in the Schools and Government Solar Expansion Program and therefore meet the program requirements including but not limited to (a) granting the Company an easement to install, own, operate and maintain a solar photovoltaic system on customer's premises and (b) meeting the technical requirements for the customer's premises.

Eligible government customers shall include sites that are owned and occupied by a federal, state, or local government entity, including institutions of higher learning, as determined by the Company.

The Schools and Government Solar Expansion Program will be limited to 6.25 MW-AC total capacity of all participating solar photovoltaic systems, and will focus on economically challenged schools in all areas within APS's territory.



**RATE RIDER SCHEDULE SGSP
SCHOOLS AND GOVERNMENT SOLAR PROGRAM**

TERM

The Solar Charge herein shall remain in effect for 20 years from the customer's effective date. Customers can discontinue participation in this rate schedule at any time without penalty.

SOLAR OPTIONS

The solar photovoltaic equipment size options available under this rate schedule shall be less than or equal to 350 kW-DC of nominal rated capacity for customers with a K-8 school or facilities totaling 75,000 square feet or less at the site where the solar equipment is installed. For customers with a high school or facilities totaling more than 75,000 square feet the solar equipment shall be less than or equal to 550 kW-DC.

In addition, the solar equipment capacity (kW-AC) shall not be greater than 125% of the customer's connected load (kW-AC) as determined in accordance to rate schedule EPR-6 and A.A.C. R14-2-2302, nor shall the Solar Energy be more than 100% of the customer's metered kWh for the previous 12 months. Both of these limitations shall be determined at the time of initial qualification for the rate.

DETERMINATION OF SOLAR ENERGY

The Solar Energy, which is the nominal expected monthly kWh output from the photovoltaic solar equipment over time, shall be derived by multiplying the kW-DC rating of the photovoltaic equipment by an average monthly production factor (kWh-AC per kW-DC), as determined by the Company. The monthly production factor is 90 kWh-AC per kW-DC. For billing purposes, the Solar Energy in any month shall not exceed the customer's metered kWh used in computing the monthly bill. For totalized metering service provided under Service Schedule 4, the Solar Energy shall not exceed the metered kWh from the single service entrance section where the solar facility is installed.

RATES

The customer's monthly bill shall be calculated in accordance with their current applicable rate schedule except that:

- (1) The monthly bill will include a Solar Charge, which is the Solar Energy multiplied by the per kWh charges listed below.

Applicable Retail Rate Schedule	Solar Charge per kWh
E-32 S, E-32 M, E-32 L	\$0.07665
E-32TOU S, E-32TOU M, E-32TOU L	\$0.05502
GS-SCHOOLS M, GS-SCHOOLS L	\$0.07571
E-34	\$0.04236
E-35	\$0.04128

- (2) The monthly bill will be based on the Customer's total metered usage net of the Solar Energy applied to all unbundled kWh charges and adjustments in the customer's current applicable rate schedule, where the netted kWh shall not be less than zero. The netting shall be applied as follows:
 - E-32TOU S, E-32TOU M, E-32TOU L, E-35 - 50% of Solar Energy shall be netted from on-peak kWh, 50% from off-peak kWh. If the net kWh is less than zero for either the on-peak or off-peak period, the remaining kWh shall be netted from the other time period, where the netted amount shall not be less than zero.



**RATE RIDER SCHEDULE SGSP
SCHOOLS AND GOVERNMENT SOLAR PROGRAM**

RATES (cont)

- E-32 S, E-32 M, E-32 L - Solar Energy shall be netted 60% from the first tier kWh level and 40% from the second tier kWh level. If the netted kWh is less than zero for either tier the remaining kWh shall be netted against the other kWh tier, where the netted amount shall not be less than zero.
- GS-SCHOOLS M, GS-SCHOOLS L – Solar Energy shall be netted from the on-peak, shoulder-peak and off-peak kWh according to the following allocation:

Season	Time Period		
	On-Peak	Shoulder-Peak	Off-Peak
Summer Peak (Jun-Aug)	15.0%	35.0%	50.0%
Summer Shoulder (May, Sep & Oct)	15.0%	35.0%	50.0%
Winter (Nov-Apr)	20.0%	10.0%	70.0%

If the net kWh is less than zero in any period, the remaining kWh shall be applied first to the on-peak, and then the shoulder-peak, and the off-peak period if necessary, where the resulting kWh in any period shall not be less than zero.

- E-34 - Solar Energy shall be netted from the kWh level, where the resulting kWh shall not be less than zero.
- Any reductions to the monthly kWh billed under Schedule RES and Schedule EIS due to participation in green power schedules GPS-1, GPS-2, GPS-3 and Solar-3 will be capped at the customer's total metered kWh net of the Solar Energy provided in Schedule SGSP.
- The Solar Energy shall be netted against the metered kWh from the single service entrance section where the solar facility is installed and shall not be netted against metered kWh from any other metered kWh at other points of delivery at the same customer site or other sites.

TERMS AND CONDITIONS

Service under this rate schedule is subject to the Company's Terms and Conditions of the customer's parent rate schedule. This schedule has provisions that may affect the customer's bill.



SERVICE SCHEDULE 6
INTERCONNECTION STUDY SERVICES AND FEES FOR
NON-FERC GENERATION FACILITIES

1. APPLICABILITY

- 1.1 The services, provisions and fees in this schedule shall apply to an entity (Applicant) desiring to interconnect a generating facility to the Arizona Public Service (APS or Company) power delivery system that is not otherwise subject to the Federal Energy Regulatory Commission (FERC) interconnection processes or rules. *See* 18 C.F.R. § 292.306; *Western Massachusetts Electric Co.*, 61 FERC ¶61,182 at p. 61,661-62 (1992), *aff'd* 165 F.3d 922, 926 (D.C. Cir. 1999).
- 1.2 This schedule shall only apply to: 1) for third-party-owned generation, a Qualifying Facility as defined in 18 C.F.R. § 292.203, for which the total generation output that is transmitted to the APS power delivery system is sold directly to APS, and 2) for APS-owned generation, generation that otherwise would meet the requirements in 18 C.F.R. § 292.203.
- 1.3 This schedule shall not apply to a generating facility that is interconnected on the load side of an APS retail customer's meter and is primarily intended to serve the customer's electricity requirements, including, for example, a net metering facility as defined in A.A.C. R14-2-2302.

2. DESCRIPTION OF STUDY SERVICES

- 2.1 Feasibility Study - APS will conduct a preliminary review of the potential impacts of the proposed generating facility on the APS power delivery system. The study will assess the expected capacity requirements of the proposed generator on the delivery system compared with the available system capacity at the point of interconnection and identify any potential overload issues for the delivery system and circuit protection devices. Additionally, this study will provide an initial assessment of the complexity and likely costs for the interconnection.
 - 2.1.1 The Applicant shall identify the proposed project site location prior to commencement of the study.
 - 2.1.2 Although the Feasibility Study is optional, no system impact or cost information will be provided by APS without the study and associated fee.
- 2.2 System Impact Study - APS will conduct a full technical review of the project's impact on the APS power delivery system, including power flow, stability analysis (69 kV and above only), APS system protective device coordination, system protection schemes and voltage drop. This study will determine if any upgrades to APS's system are required to build and interconnect the project as designed.
 - 2.2.1 Although the System Impact Study is optional, no related information will be provided by APS without the study and fee.
- 2.3 Facilities Study - APS will conduct a comprehensive analysis of the actual construction requirements for the APS power delivery system, based on the information from the Feasibility Study and System Impact Study or equivalent information provided by the Applicant or third party. The study shall provide the detailed costs of construction and milestones associated with the requirements.
 - 2.3.1 This study is required for interconnection to the Company's power delivery system.



SERVICE SCHEDULE 6
INTERCONNECTION STUDY SERVICES AND FEES FOR
NON-FERC GENERATION FACILITIES

2.3.2 If the Applicant chooses to forgo the Feasibility and System Impact Studies, the technical analysis normally included in the System Impact Study may be conducted as part of the Facilities Study.

2.4 All services in this schedule are distinct from any similar-termed services provided by APS under FERC interconnection processes, which are not governed by this schedule.

3. STUDY FEES

3.1 Feasibility Study:

3.1.1 Interconnections below 69 kV- \$5,000 per study (non-refundable).

3.1.2 Interconnections 69 kV and above – Applicant will pay APS’s actual cost of performing study.

3.2 System Impact Study:

3.2.1 Interconnections below 69 kV - \$15,000 per study. Fee shall be reduced to \$10,000 if a Feasibility Study has been completed by APS for the specific project (non-refundable).

3.2.2 Interconnections 69 kV and above – Applicant will pay APS’s actual cost of performing study.

3.3 Facilities Study:

3.3.1 All interconnections– Applicant pays APS’s actual cost of performing study.

4. PAYMENTS

4.1 For interconnections below 69 kV, study fees under sections 3.1.1 and 3.2.1 will be due prior to the commencement of the study.

4.2 For interconnections 69 kV and above, Applicant shall provide a \$20,000 deposit to APS prior to the commencement of the Feasibility Study under section 3.1.2 and a \$40,000 deposit to APS prior to the commencement of the System Impact Study under section 3.2.2. At the completion of studies under sections 3.1.2 and 3.2.2 the Applicant shall pay any remaining fees above the deposit to APS or shall be refunded any excess deposit amount by APS.

4.3 For all interconnections, Applicant shall provide a \$55,000 deposit to APS prior to the commencement of the Facilities Study under section 3.3. At the completion of the study the Applicant shall pay any remaining fees above the deposit to APS or shall be refunded any excess deposit amount by APS.



**SERVICE SCHEDULE 6
INTERCONNECTION STUDY SERVICES AND FEES FOR
NON-FERC GENERATION FACILITIES**

5. FACILITIES

The construction or installation of interconnection facilities will be completed in accordance with the provisions of a separate agreement or contract.



**RENEWABLE ENERGY STANDARD
ADJUSTMENT SCHEDULE
PLAN OF ADMINISTRATION**

Original

Effective Date: January 1, 2012

ACC Decision No: 72737

General Description

This document describes the plan for administering Arizona Public Service Company's ("APS" or the "Company") Adjustment Schedule RES, Renewable Energy Standard ("Schedule RES"). Schedule RES is the tariff required by the Arizona Corporation Commission's ("Commission") Renewable Energy Standard and Tariff rules (the "Rules") approved in Decision No. 69127 (November 14, 2006) and codified in A.A.C. R14-2-1801 *et. seq.*, which provides for recovery of the costs incurred by the Company to meet its annual renewable energy requirement as set forth in the Rules.¹

Allowable Costs

Schedule RES shall recover the cost of renewable programs included in the Company's annual Renewable Energy Standard Implementation Plan ("RES Plan"), and approved by the Commission, that are not otherwise recovered in base rates or other recovery mechanism. Allowable Costs include, but are not limited to, program development, program implementation, purchased power costs not recovered through the Power Supply Adjustor, customer incentives, customer education and communication, technical assistance and training, administrative and general expense, monitoring and evaluation, revenue requirements associated with renewable ownership programs, and other relevant costs. Marketing and advertising costs are allowable only if the ACC determines they are justified.

Revenue requirements associated with renewable ownership programs include depreciation expense, operating and maintenance expense, property tax, and return on both debt and equity using the pre-tax weighted average cost of capital approved in the Company's most recent general rate case.

Balancing Account

Actual Allowable Costs shall be recorded in a separately maintained Balancing Account. Revenues received by APS through Schedule RES, as well as other relevant revenue (including, but not limited to, forfeited PBI Reservation Deposits and Service Schedule 6 payments), shall be credited to the Balancing Account.

Adjustor Components

Schedule RES shall consist of a monthly kilowatt-hour ("kWh") charge applied equally to all Standard Offer and Direct Access service, with the exception of those kWh served in accordance with Rate Schedules Solar-2 and Solar-3 and Adjustment Schedules GPS-1, GPS-2, and GPS-3. The kilowatt-hour charge is subject to a monthly surcharge limit determined specifically for each of three customer classes: residential customers, non-residential customers, and non-residential customers with demands of 3,000 kW or higher per month for three consecutive months.

¹ The Company's initial Schedule RES was approved by the Commission in Decision No. 70313 (April 28, 2008) and has been revised on an annual basis as described in this Plan of Administration.



**RENEWABLE ENERGY STANDARD
ADJUSTMENT SCHEDULE
PLAN OF ADMINISTRATION**

If the Balancing Account has accrued an over or under collected balance in a given period, any such over or under collection shall be included in Schedule RES in the subsequent calendar year.

Determination of the kWh Rate and Surcharge Limits for Schedule RES

Schedule RES shall be revised annually to recover projected Allowable Costs for the upcoming calendar year, and shall be based on programs and budgets contained in the Company's RES Plan and approved by the Commission. The Schedule RES kWh rate and surcharge limits shall be designed using projected billing determinants for the same period. The billing determinants shall include total retail kWh subject to Schedule RES and the number of customers and associated kWh that are billed under each surcharge limit. In addition, any annual change in surcharge limits shall maintain the proportionality between customer classes as established in the Company's initial Schedule RES and contained in Appendix A to the Rules (the Sample Tariff).

Review and Approval Process

Schedule RES shall be filed for the upcoming calendar year as part of the Company's RES Plan, which is filed on July 1st each year as set forth in the Rules. Supporting information for the calculation of the kWh rate and surcharge limits as shown in Exhibit 1 to this Plan of Administration shall be provided. Schedule RES shall be updated to reflect the final approved budget for the upcoming year and an updated projected over or under collection in the Balancing Account through the end of the current year.

Once approved by the Commission, the Schedule RES rate and surcharge limits will be effective each year beginning with billing cycle 1 of the January revenue month and will not be prorated. The following table provides an illustration of the review and approval process.

Illustrative Table of Events for 2013 REST Plan

July 1, 2012	<ul style="list-style-type: none">- File 2013 RES Plan including Adjustment Schedule RES charges and surcharge limits- Adjustment Schedule RES Exhibit 1<ul style="list-style-type: none">• 2013 projected allowable costs• 2013 projected billing determinants• 2012 projected Balancing Account
By December 31, 2012	<ul style="list-style-type: none">- Commission consideration of Plan- Refresh as needed:<ul style="list-style-type: none">• 2013 projected allowable costs• 2012 projected Balancing Account
Jan 1, 2013	<ul style="list-style-type: none">- Implement new Adjustment Schedule RES charges beginning with 1st billing cycle in January, without proration

Page 3 of 4 - RES Adjustment Schedule Plan of Administration

Arizona Public Service Company
Adjustment Schedule RES Plan of Administration
Derivation of Revenue Requirements

		2011	2012	
Current Year				
Effective Year				
Revised Charge effective				Jan 1, 2012
	<u>Account Balance for the Current Year¹</u>	<u>Amount</u>		<u>Reference</u>
1	Beginning Balance	\$ -		
2	Revenue (projected to year end)	\$ 96,400,000		
3	Costs (projected to year end)	\$ 77,400,000		
4	Ending Balance (projected to year end)	<u>\$ 19,000,000</u>		line 1 + line 2 - line 3
	<u>Revenue Requirements for Effective Year²</u>			
5	Costs	\$ 112,000,000		
6	True-up of Ending Balance from Current Year	<u>\$ 19,000,000</u>		- line 4
7	Total Revenue Requirements	<u>\$ 93,000,000</u>		line 5 + line 6

Notes

1. All amounts are projected to the end of the Current Year
2. All amounts are projected for the Effective Year

Page 4 of 4 - RES Adjustment Schedule Plan of Administration

Arizona Public Service Company
Adjustment Schedule RES Plan of Administration
Derivation of Revenue

	2011	2012	Jan 1, 2012	<u>Billing Determinant¹</u>	<u>Charge²</u>	<u>Revenue³</u>	<u>Reference</u>
Current Year							
Effective Year							
Revised Charge effective							
				<u>Residential</u>			
1	kWh billed under kWh Charge	538,918,033	\$	0.009588	\$	5,167,146	
2	Monthly Bills billed at Surcharge limit	9,826,476	\$	3.84	\$	37,733,668	
3	Subtotal					\$ 42,900,814	line 1 + line 2
				<u>Non-Residential</u>			
4	kWh billed under kWh Charge	2,671,675,979	\$	0.009588	\$	25,616,029	
5	Monthly Bills billed at Surcharge limit	126,084	\$	142.44	\$	17,959,405	
6	Subtotal					\$ 43,575,434	line 4 + line 5
				<u>Non-Residential > 3,000 kW</u>			
7	kWh billed under kWh Charge			n/a	\$	-	
8	Monthly Bills billed at Surcharge limit	1,284	\$	427.33	\$	548,692	
9	Subtotal					\$ 548,692	line 7 + line 8
10	Total Revenue					\$ 87,024,940	sum lines 3,6,9

Notes

1. Billing Determinants are projected for the Effective Year
2. Proposed charges and surcharge limits effective January 1 of the Effective Year
3. Revenue projected for the Effective Year. Revenue = Billing Determinant * Charge