

NEW APPLICATION



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ORIGINAL

CORP COMMISSION  
DOCKET CONTROL

BEFORE THE ARIZONA CORPORATION COMMISSION

Arizona Corporation Commission  
DOCKETED

DEC 13 2013



9 COMMISSIONERS

10 BOB STUMP, Chairman  
11 GARY PIERCE  
12 BRENDA BURNS  
13 ROBERT L. BURNS  
14 SUSAN BITTER SMITH

14 IN THE MATTER OF THE APPLICATION OF  
15 ARIZONA PUBLIC SERVICE COMPANY  
16 FOR APPROVAL OF REVISED APS  
17 PARTIAL REQUIREMENTS RATE  
18 SCHEDULES EPR-2 AND EPR-6

DOCKET NO. E-01345A-13-0442

APPLICATION

18 Arizona Public Service Company ("APS" or "Company") hereby submits this  
19 application for approval of revisions to the Company's partial requirements rate schedules  
20 EPR-2 and EPR-6. These schedules provide options for customers with qualifying renewable  
21 and combined heat and power generators to sell back or net meter their excess generation on  
22 their monthly bill. Specifically, the Company is requesting revisions to the purchase rates for  
23 excess generation from participating customers, which are based on avoided generation costs.  
24 The proposed purchase rates reflect the Company's forecasted avoided generation costs for  
25 January 2014 through December 2014.

26 The revised purchase rates for excess generation are pursuant to Decision No. 52345  
27 (July 27, 1981). In relevant, Decision No. 52345 stated:  
28

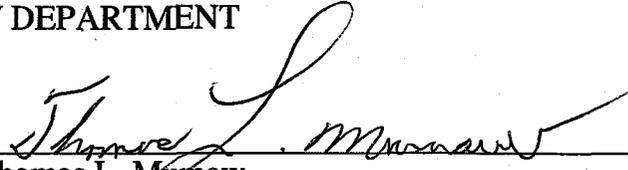
1 Rate and other contract provisions covering sales to and purchases  
2 from QF's, including rates for supplementary, back-up, interruptible and  
3 maintenance power, shall be subject to changes from time to time as filed  
4 with and prescribed by the Arizona Corporation Commission.  
Adjustments to the purchase rates may be permitted as often as quarterly  
to reflect variations in fuel and purchased power costs.

5 See Cogeneration and Small Power Production Policy attached to Decision No.  
6 52345 at 9.

7 The revised Schedules EPR-2 and EPR-6 are provided as Attachments A and B. The  
8 Company is seeking specific Commission approval of these partial requirement rate  
9 schedules; therefore, APS waives the requirement that the Commission take action within a  
10 thirty-day period, as prescribed by A.R.S. § 40-367.

11  
12 RESPECTFULLY SUBMITTED this 13<sup>th</sup> day of December 2013.

13 PINNACLE WEST CAPITAL CORPORATION  
14 LAW DEPARTMENT

15  
16 By:   
17 Thomas L. Mumaw  
18 Attorney for Arizona Public Service Company

19 ORIGINAL and thirteen (13) copies  
20 of the foregoing filed this 13<sup>th</sup> day of  
December 2013, with:

21 Docket Control  
22 Arizona Corporation Commission  
23 1200 West Washington Street  
Phoenix, Arizona 85007

24 COPY of the foregoing hand delivered/e-mailed or mailed this  
25 13<sup>th</sup> day of December 2013 to:

26 Lyn Farmer  
27 Chief Administrative Law Judge, Hearing Division  
28 Arizona Corporation Commission  
1200 West Washington

1 Phoenix, Arizona 85007

2 Ms. Janice Alward  
3 Chief Counsel, Legal Division  
4 Arizona Corporation Commission  
5 1200 West Washington Street  
6 Phoenix, Arizona 85007

7 Steve Olea  
8 Director, Utilities Division  
9 Arizona Corporation Commission  
10 1200 West Washington Street  
11 Phoenix, Arizona 85007

12 Christy Dodson

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# ATTACHMENT A

**NON-REDLINE VERSION**



**RATE RIDER SCHEDULE EPR-2  
CLASSIFIED SERVICE  
PURCHASE RATES FOR QUALIFIED FACILITIES  
100 KW OR LESS FOR PARTIAL REQUIREMENTS**

AVAILABILITY

This rate rider schedule is available in all territory served by the Company.

APPLICATION

This rate rider schedule is applicable to customers served by a retail rate schedule with metered kWh usage with a cogeneration or small power production facility with a nameplate continuous AC output power rating of 100 kW or less, where the facility's generator(s) and load are located at the same premise, and that otherwise meet qualifying status pursuant to Arizona Corporation Commission's Decision No. 52345 on cogeneration and small power production facilities. Applicable only to Qualifying Facilities electing to configure their systems as to require partial requirements service from the Company in order to meet their electric requirements.

At the Company's discretion, the monthly purchase rates in this schedule may also be used as a basis to purchase energy from a Qualifying Facility that is not configured for partial requirements service and/or is greater than 100 kW. The terms for such purchase shall be provided in a contract to be approved by the Commission.

Participation under this schedule is subject to the availability of required metering equipment compatible with the customer's retail rate schedule and electrical service configuration. All provisions of the customer's retail rate schedule will continue to apply except as noted below.

TYPE OF SERVICE

Electric sales to the Company must be single or three phase, 60 Hertz, at one standard voltage as may be selected by the customer (subject to availability at the premises). The Qualifying Facility will have the option to sell energy to the Company at a voltage level different than that for purchases from the Company; however, the Qualifying Facility will be responsible for all incremental costs incurred to accommodate such an arrangement.

SALES TO THE CUSTOMER

Power sales and special services supplied by the Company to the customer in order to meet its supplemental or interruptible electric requirements will be priced at the customer's retail rate schedule.

PURCHASE OF EXCESS GENERATION

The Company shall issue a credit on the customer's monthly bill for the monthly Excess Generation, based on the relevant monthly purchase rates, which are based on avoided energy costs and shall be updated annually. Purchase rates are provided for Firm Power and Non-Firm Power for the summer and winter billing cycles. Firm Power is only relevant to the summer billing cycles.

For customers served under a time-of-use retail rate schedule, purchase rates are provided for the relevant on-peak and off-peak hours. For residential customers served under a non-time-of-use rate, or a time-of-use rate not specified below, the monthly purchase rate and on-peak and off-peak hours will be based on the rate for customers served on a 12 p.m. to 7 p.m. on-peak rate. For non-residential customers served under a non-time-of-use rate or a time-of-use rate not specified below, the monthly purchase rate and on-peak and off-peak hours will be based on the rate for customers served on an 11 a.m. to 9 p.m. on-peak rate. Unless specified in this schedule, Excess Generation during a super-on-peak or shoulder-peak time period in a retail rate will be purchased at the on-peak purchase rate, while Excess Generation during a super-off-peak period will be purchased at the off-peak purchase rate.



**RATE RIDER SCHEDULE EPR-2  
CLASSIFIED SERVICE  
PURCHASE RATES FOR QUALIFIED FACILITIES  
100 KW OR LESS FOR PARTIAL REQUIREMENTS**

Purchase of Excess Generation (Con't)

For customers served under a 9 a.m. to 9 p.m. on-peak time-of-use retail rate schedule:

	Cents per kWh			
	Non-Firm Power		Firm Power	
	On-Peak <sup>1</sup>	Off-Peak <sup>2</sup>	On-Peak <sup>1</sup>	Off-Peak <sup>2</sup>
Summer Billing Cycles (May - October)	2.959	2.892	3.705	3.031
Winter Billing Cycles (November - April)	2.927	2.844	2.927	2.844

<sup>1</sup> On-Peak Periods: 9 a.m. to 9 p.m., weekdays or as reflected in the customer's retail rate schedule

<sup>2</sup> Off-Peak Periods: All other hours

For customers served under a 12 p.m. to 7 p.m. on-peak time-of-use retail rate schedule:

	Cents per kWh			
	Non-Firm Power		Firm Power	
	On-Peak <sup>1</sup>	Off-Peak <sup>2</sup>	On-Peak <sup>1</sup>	Off-Peak <sup>2</sup>
Summer Billing Cycles (May - October)	2.989	2.897	4.297	3.009
Winter Billing Cycles (November - April)	3.040	2.831	3.040	2.831

<sup>1</sup> On-Peak Periods: 12 p.m. to 7 p.m., weekdays or as reflected in the customer's retail rate schedule

<sup>2</sup> Off-Peak Periods: All other hours

For customers served under an 11 a.m. to 9 p.m. on-peak time-of-use rate schedule:

	Cents per kWh			
	Non-Firm Power		Firm Power	
	On-Peak <sup>1</sup>	Off-Peak <sup>2</sup>	On-Peak <sup>1</sup>	Off-Peak <sup>2</sup>
Summer Billing Cycles (May - October)	2.982	2.888	3.876	3.015
Winter Billing Cycles (November - April)	2.926	2.852	2.926	2.852

<sup>1</sup> On-Peak Periods: 11 a.m. to 9 p.m., weekdays or as reflected in the customer's retail rate schedule

<sup>2</sup> Off-Peak Periods: All other hours



**RATE RIDER SCHEDULE EPR-2  
CLASSIFIED SERVICE  
PURCHASE RATES FOR QUALIFIED FACILITIES  
100 KW OR LESS FOR PARTIAL REQUIREMENTS**

CONTRACT PERIOD

As provided for in any Supply /Purchase Agreement.

DEFINITIONS

1. Partial Requirements Service: Electric service provided to a customer that has an interconnected generation system configuration whereby the output from its electric generator(s) first supplies its own electric requirements and any Excess Generation (over and above its own requirements at any point in time) is then provided to the Company. The Company supplies the customer's supplemental electric requirements (those not met by their own generation facilities). This configuration may also be referred to as the "parallel mode" of operation.
2. Qualifying Facility (QF): A cogeneration or small power production facility which meets the requirements under 18 CFR, Chapter I, Part 292, Subpart B of the Federal energy Regulatory Commission regulations.
3. Excess Generation: Equals the customer's generation (kWh) in excess of their load at any point in time as metered by the Company. Excess Generation is computed for on-peak and off-peak billing periods.
4. Special Service(s): The electric service(s) specified in this section that will be provided by the Company in addition to or in lieu of normal service(s).
5. Non-Firm Power: Electric power which is supplied by the Customer's generator at the Customer's option, where no firm guarantee is provided and the power can be interrupted by the Customer at any time.
6. Firm Power: Power available, upon demand, at all times (except for forced outages) during the period covered by the Purchase Agreement from the customer's facilities with an expected or demonstrated reliability which is greater than or equal to the average reliability of the Company's firm power sources.
7. Time Periods: Mountain Standard Time shall be used in the application of this rate schedule. Because of potential differences of the timing devices, there may be a variation of up to 15 minutes in timing for the pricing periods.

TERMS AND CONDITIONS

Service under this rate schedule is subject to the Company's Schedule 1, Terms and Conditions for Standard Offer and Direct Access Services, Schedule 2, Terms and Conditions for Energy Purchases from Qualified Cogeneration or Small Power Production Facilities, and the Company's Interconnection requirements for Distributed Generation. This schedule has provisions that may affect the customer's bill. In addition, service may be subject to special terms and conditions as provided for in a customer interconnection or Supply/Purchase agreement.

METERING

Customers served under this rate schedule will require a bi-directional meter that will register and accumulate the net electrical requirements of the customer. The bi-directional meter shall be provided at no additional cost to the customer. A bi-directional meter may not be required if the generating capacity of the Qualifying Facility is less than 20% of the customer's lowest billing demand over the 12 months prior to requesting enrollment in Schedule EPR-2, or as otherwise determined by the Company through available information, or if the customer agrees that they do not intend to be compensated for any Excess Generation.

**REDLINE VERSION**



**RATE RIDER SCHEDULE EPR-2  
CLASSIFIED SERVICE  
PURCHASE RATES FOR QUALIFIED FACILITIES  
100 KW OR LESS FOR PARTIAL REQUIREMENTS**

AVAILABILITY

This rate rider schedule is available in all territory served by the Company.

APPLICATION

This rate rider schedule is applicable to customers served by a retail rate schedule with metered kWh usage with a cogeneration or small power production facility with a nameplate continuous AC output power rating of 100 kW or less, where the facility's generator(s) and load are located at the same premise, and that otherwise meet qualifying status pursuant to Arizona Corporation Commission's Decision No. 52345 on cogeneration and small power production facilities. Applicable only to Qualifying Facilities electing to configure their systems as to require partial requirements service from the Company in order to meet their electric requirements.

At the Company's discretion, the monthly purchase rates in this schedule may also be used as a basis to purchase energy from a Qualifying Facility that is not configured for partial requirements service and/or is greater than 100 kW. The terms for such purchase shall be provided in a contract to be approved by the Commission.

Participation under this schedule is subject to the availability of required metering equipment compatible with the customer's retail rate schedule and electrical service configuration. All provisions of the customer's retail rate schedule will continue to apply except as noted below.

TYPE OF SERVICE

Electric sales to the Company must be single or three phase, 60 Hertz, at one standard voltage as may be selected by the customer (subject to availability at the premises). The Qualifying Facility will have the option to sell energy to the Company at a voltage level different than that for purchases from the Company; however, the Qualifying Facility will be responsible for all incremental costs incurred to accommodate such an arrangement.

SALES TO THE CUSTOMER

Power sales and special services supplied by the Company to the customer in order to meet its supplemental or interruptible electric requirements will be priced at the customer's retail rate schedule.

PURCHASE OF EXCESS GENERATION

The Company shall issue a credit on the customer's monthly bill for the monthly Excess Generation, based on the relevant monthly purchase rates, which are based on avoided energy costs and shall be updated annually. Purchase rates are provided for Firm Power and Non-Firm Power for the summer and winter billing cycles. Firm Power is only relevant to the summer billing cycles.

For customers served under a time-of-use retail rate schedule, purchase rates are provided for the relevant on-peak and off-peak hours. For residential customers served under a non-time-of-use rate, or a time-of-use rate not specified below, the monthly purchase rate and on-peak and off-peak hours will be based on the rate for customers served on a 12 p.m. to 7 p.m. on-peak rate. For non-residential customers served under a non-time-of-use rate or a time-of-use rate not specified below, the monthly purchase rate and on-peak and off-peak hours will be based on the rate for customers served on an 11 a.m. to 9 p.m. on-peak rate. Unless specified in this schedule, Excess Generation during a super-on-peak or shoulder-peak time period in a retail rate will be purchased at the on-peak purchase rate, while Excess Generation during a super-off-peak period will be purchased at the off-peak purchase rate.



**RATE RIDER SCHEDULE EPR-2  
CLASSIFIED SERVICE  
PURCHASE RATES FOR QUALIFIED FACILITIES  
100 KW OR LESS FOR PARTIAL REQUIREMENTS**

Purchase of Excess Generation (Con't)

For customers served under a 9 a.m. to 9 p.m. on-peak time-of-use retail rate schedule:

	Cents per kWh			
	Non-Firm Power		Firm Power	
	On-Peak <sup>1</sup>	Off-Peak <sup>2</sup>	On-Peak <sup>1</sup>	Off-Peak <sup>2</sup>
Summer Billing Cycles (May - October)	<u>2.9592-956</u>	<u>2.8922-765</u>	<u>3.7053-608</u>	<u>3.0312-887</u>
Winter Billing Cycles (November - April)	<u>2.9272-823</u>	<u>2.8442-701</u>	<u>2.9272-823</u>	<u>2.8442-701</u>

<sup>1</sup> On-Peak Periods: 9 a.m. to 9 p.m., weekdays or as reflected in the customer's retail rate schedule

<sup>2</sup> Off-Peak Periods: All other hours

For customers served under a 12 p.m. to 7 p.m. on-peak time-of-use retail rate schedule:

	Cents per kWh			
	Non-Firm Power		Firm Power	
	On-Peak <sup>1</sup>	Off-Peak <sup>2</sup>	On-Peak <sup>1</sup>	Off-Peak <sup>2</sup>
Summer Billing Cycles (May - October)	<u>2.9893-016</u>	<u>2.8972-787</u>	<u>4.2974-159</u>	<u>3.0092-885</u>
Winter Billing Cycles (November - April)	<u>3.0402-869</u>	<u>2.8312-713</u>	<u>3.0402-869</u>	<u>2.8312-713</u>

<sup>1</sup> On-Peak Periods: 12 p.m. to 7 p.m., weekdays or as reflected in the customer's retail rate schedule

<sup>2</sup> Off-Peak Periods: All other hours

For customers served under an 11 a.m. to 9 p.m. on-peak time-of-use rate schedule:

	Cents per kWh			
	Non-Firm Power		Firm Power	
	On-Peak <sup>1</sup>	Off-Peak <sup>2</sup>	On-Peak <sup>1</sup>	Off-Peak <sup>2</sup>
Summer Billing Cycles (May - October)	<u>2.9822-991</u>	<u>2.8882-767</u>	<u>3.8763-773</u>	<u>3.0152-878</u>
Winter Billing Cycles (November - April)	<u>2.9262-827</u>	<u>2.8522-709</u>	<u>2.9262-827</u>	<u>2.8522-709</u>

<sup>1</sup> On-Peak Periods: 11 a.m. to 9 p.m., weekdays or as reflected in the customer's retail rate schedule

<sup>2</sup> Off-Peak Periods: All other hours



**RATE RIDER SCHEDULE EPR-2  
CLASSIFIED SERVICE  
PURCHASE RATES FOR QUALIFIED FACILITIES  
100 KW OR LESS FOR PARTIAL REQUIREMENTS**

CONTRACT PERIOD

As provided for in any Supply /Purchase Agreement.

DEFINITIONS

1. Partial Requirements Service: Electric service provided to a customer that has an interconnected generation system configuration whereby the output from its electric generator(s) first supplies its own electric requirements and any Excess Generation (over and above its own requirements at any point in time) is then provided to the Company. The Company supplies the customer's supplemental electric requirements (those not met by their own generation facilities). This configuration may also be referred to as the "parallel mode" of operation.
2. Qualifying Facility (QF): A cogeneration or small power production facility which meets the requirements under 18 CFR, Chapter I, Part 292, Subpart B of the Federal energy Regulatory Commission regulations.
3. Excess Generation: Equals the customer's generation (kWh) in excess of their load at any point in time as metered by the Company. Excess Generation is computed for on-peak and off-peak billing periods.
4. Special Service(s): The electric service(s) specified in this section that will be provided by the Company in addition to or in lieu of normal service(s).
5. Non-Firm Power: Electric power which is supplied by the Customer's generator at the Customer's option, where no firm guarantee is provided and the power can be interrupted by the Customer at any time.
6. Firm Power: Power available, upon demand, at all times (except for forced outages) during the period covered by the Purchase Agreement from the customer's facilities with an expected or demonstrated reliability which is greater than or equal to the average reliability of the Company's firm power sources.
7. Time Periods: Mountain Standard Time shall be used in the application of this rate schedule. Because of potential differences of the timing devices, there may be a variation of up to 15 minutes in timing for the pricing periods.

TERMS AND CONDITIONS

Service under this rate schedule is subject to the Company's Schedule 1, Terms and Conditions for Standard Offer and Direct Access Services, Schedule 2, Terms and Conditions for Energy Purchases from Qualified Cogeneration or Small Power Production Facilities, and the Company's Interconnection requirements for Distributed Generation. This schedule has provisions that may affect the customer's bill. In addition, service may be subject to special terms and conditions as provided for in a customer interconnection or Supply/Purchase agreement.

METERING

Customers served under this rate schedule will require a bi-directional meter that will register and accumulate the net electrical requirements of the customer. The bi-directional meter shall be provided at no additional cost to the customer. A bi-directional meter may not be required if the generating capacity of the Qualifying Facility is less than 20% of the customer's lowest billing demand over the 12 months prior to requesting enrollment in Schedule EPR-2, or as otherwise determined by the Company through available information, or if the customer agrees that they do not intend to be compensated for any Excess Generation.

# ATTACHMENT B

**NON-REDLINE VERSION**



**RATE RIDER SCHEDULE EPR-6 (NET METERING)  
CLASSIFIED SERVICE  
RATES FOR RENEWABLE RESOURCE FACILITIES  
FOR PARTIAL REQUIREMENTS**

**AVAILABILITY**

This rate rider 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.

**APPLICATION**

This rate rider schedule is applicable to customers served by a retail rate schedule with metered kWh usage with a Net Metering Facility that uses Renewable Resources, a fuel cell, or combined heat and power (CHP) to produce electricity. Definitions are pursuant to A.A.C. R14-2-2302. Participation under this schedule is subject to the availability of required metering equipment compatible with the customer's retail rate schedule and electrical service configuration. All provisions of the customer's retail rate schedule will continue to apply except as noted below.

**DEFINITIONS**

1. **Combined Heat and Power (CHP)**: A system that generates electricity and useful thermal energy in a single, integrated system such that the useful power output of the facility plus one-half the useful thermal energy output during any 12-month period must be no less than 42.5 percent of the total energy input of fuel to the facility.
2. **Customer Supply**: Energy (kWh) from a customer-owned Net Metering Facility that exceeds the customer's load at a point in time and is fed back into the Company's electric system, as metered by the Company.
3. **Customer Purchase**: Energy (kWh) that is provided from the Company to the customer to serve the load that is not being served by a customer-owned Net Metering Facility, as metered by the Company.
4. **Excess Generation**: Equals the Customer Supply (kWh) less the Customer Purchase (kWh) over a monthly billing period. For time-of-use rates the Excess Generation corresponding to the on-peak and off-peak periods is computed for on-peak and off-peak periods over the monthly billing period. (Not to be less than zero).
5. **Fuel Cell**: A device that converts the chemical energy of a fuel directly into electricity without intermediate combustion or thermal cycles. For purposes of this rate schedule, the source of the chemical reaction must be derived from Renewable Resources.
6. **Net Metering Facility**: A facility for the production of electricity that:
  - a) Is operated by or on behalf of a Net Metering customer and is located on the net metering customer's premises and;
  - b) Is intended primarily to provide part or all of the net metering customer's requirement for electricity at the single point of electrical service where the generator is installed and;
  - c) Uses Renewable Resources, a fuel cell, or CHP to generate electricity and;
  - d) Has a generating capacity less than or equal to 125% of the net metering customer's Total Connected Load (kW), or in the absence of customer load data, capacity less than or equal to the customer's electric service drop capacity and;
  - e) Is interconnected with and can operate in parallel and in phase with the Company's existing distribution system.



**RATE RIDER SCHEDULE EPR-6 (NET METERING)  
CLASSIFIED SERVICE  
RATES FOR RENEWABLE RESOURCE FACILITIES  
FOR PARTIAL REQUIREMENTS**

**DEFINITIONS (Cont)**

7. **Partial Requirements Service:** Electric service provided to a customer that has an interconnected Net Metering Facility whereby the output from its electric generator(s) first supplies its own electric requirements and any excess energy (over and above its own requirements at any point in time) is then provided to the Company. The Company supplies the customer's supplemental electric requirements (those not met by their own generation facilities). This configuration may also be referred to as the "parallel mode" of operation.
8. **Renewable Resources:** Natural resources that can be replenished by natural processes, including biogas, biomass, geothermal, hydroelectric, solar or wind.
9. **Non-Firm Power:** Electric power which is supplied by the Customer's generator at the Customer's option, where no firm guarantee is provided and the power can be interrupted by the Customer at any time.
10. **Firm Power:** Power available, upon demand, at all times (except for forced outages) during the period covered by the Purchase Agreement from the customer's facilities with an expected or demonstrated reliability which is greater than or equal to the average reliability of the Company's firm power sources. Determination of Firm Power will be in accordance with Rate Schedule EPR-2.
11. **Time Periods:** Mountain Standard Time shall be used in the application of this rate schedule. Because of potential differences of the timing devices, there may be a variation of up to 15 minutes in timing for the pricing periods. On-peak and off-peak time periods will be determined by the customer's retail rate schedule.
12. **Total Connected Load:** The maximum potential demand (kW) measured or calculated at the electrical service entrance section serving the Net Metering Facility.

**TYPE OF SERVICE**

Electric sales to the Company must be single phase or three phase, 60 Hertz, at one standard voltage as may be selected by customer (subject to availability at the premises).

**BILLING**

A. During the billing period for:

1. Customer Purchases in excess of Customer Supply:

Company shall bill the customer for the net kWh supplied by the Company in accordance with the customer's retail rate schedule.

2. Customer Supply in excess of Customer Purchases (Excess Generation):

Company shall credit the customer the Excess Generation kWh in subsequent billing periods.



**RATE RIDER SCHEDULE EPR-6 (NET METERING)  
CLASSIFIED SERVICE  
RATES FOR RENEWABLE RESOURCE FACILITIES  
FOR PARTIAL REQUIREMENTS**

**BILLING (Cont)**

- B. For customers taking service under time-of-use rates, Customer Supply and Customer Purchases will be segmented by on-peak and off-peak periods. Excess Generation kWh credits will be applied to the time-of-use periods in which the kWh were generated by the customer. If necessary, a super off-peak period may be combined with an off-peak period for netting purposes. Likewise, a peak period may be combined with a super-peak or shoulder period for netting purposes. In either case, netting shall occur from the lowest price period first.
- C. Basic Service Charges and Demand charges (either metered or contract) will continue to apply in full.
- D. For the last billing period of each calendar year, or for the last billing period at the time the customer discontinues taking service under this rate rider scheduler:

The Company shall issue a billing credit to the customer for any remaining Excess Generation balance. In the event the customer's electric service is terminated, after applying a billing credit for any Excess Generation up to the amount the customers owes the Company, the Company shall issue a check for the remaining value of the Excess Generation balance. The credit will be determined by the Annual Purchase Rates for Excess Generation which are based on the Company's avoided costs and updated annually.

The annual billing credit for customers served under a time-of-use rate shall be based on the on-peak and off-peak Annual Purchase Rates applied to the remaining kWh bank balance for the on-peak and off-peak periods. The billing credit for customers served under a non-time-of-use rate shall be based on the total Annual Purchase Rate applied to the total remaining kWh bank balance.

**Annual Purchase Rates for Excess Generation (¢/kWh)**

	Non-Firm Power			Firm Power		
	On-peak	Off-peak	Total	On-peak	Off-peak	Total
Time-of-use rates	2.943	2.868		3.318	2.938	
Other rates			2.895			3.074

**DETERMINATION OF TOTAL CONNECTED LOAD**

The generating capacity (kW) of the Net Metering Facility shall be determined by the Company to be less than or equal to 125% of the customer's Total Connected Load (kW) if it is:

- 1. Less than or equal to 30 kW or
- 2. Less than or equal to 125% times the customer's maximum metered demand prior to installing the Net Metering Facility, using available billing information at the time a customer requests enrollment in Schedule EPR-6. If metered demand information is not available, it may be estimated by multiplying monthly metered energy times a conversion factor of 0.00342 (kW per kWh), which is derived from a 40% load factor and 730 hours per month, or
- 3. Less than or equal to 125% times the maximum demand (kW) specified in an electric supply agreement, or



**RATE RIDER SCHEDULE EPR-6 (NET METERING)  
CLASSIFIED SERVICE  
RATES FOR RENEWABLE RESOURCE FACILITIES  
FOR PARTIAL REQUIREMENTS**

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**DETERMINATION OF TOTAL CONNECTED LOAD (Cont)**

4. Less than or equal to 125% times the Total Connected Load (kW), which shall be determined from certified detailed load information supplied by the customer and approved by the Company, or
5. Less than or equal to the customer's service run capacity as determined by APS, prior to any upgrade to accommodate the customer's Net Metering Facility. Condition 5 shall only apply if metered load and Total Connected Load (kW) information is not able to be calculated.

**CONTRACT PERIOD**

Any applicable contract period(s) will be set forth in an Agreement between the customer and the Company.

**METERING**

Customers served under this rate schedule will require a bi-directional meter that will register and accumulate the net electrical requirements of the customer. The bi-directional meter shall be provided at no additional cost to the customer. A bi-directional meter may not be required if the generating capacity of the Net Metering Facility is less than 20% of the customer's lowest billing demand over the 12 months prior to requesting enrollment in Schedule EPR-6, or as otherwise determined by the Company through available information, or if the customer agrees that they do not intend to net any Excess Generation on their monthly bill.

**TERMS AND CONDITIONS**

Service under this rate schedule is subject to the Company's Schedule 1 Terms and Conditions for Standard Offer and Direct Access Services, Schedule 2 Terms and Conditions for Energy Purchases from Qualified Cogeneration or Small Power Production Facilities, Schedule 3 Conditions Governing Extensions of Electrical Distribution Lines and Services, and the Company's Interconnection Requirements for Distributed Generation.

**REDLINE VERSION**



**RATE RIDER SCHEDULE EPR-6 (NET METERING)  
CLASSIFIED SERVICE  
RATES FOR RENEWABLE RESOURCE FACILITIES  
FOR PARTIAL REQUIREMENTS**

AVAILABILITY

This rate rider 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.

APPLICATION

This rate rider schedule is applicable to customers served by a retail rate schedule with metered kWh usage with a Net Metering Facility that uses Renewable Resources, a fuel cell, or combined heat and power (CHP) to produce electricity. Definitions are pursuant to A.A.C. R14-2-2302. Participation under this schedule is subject to the availability of required metering equipment compatible with the customer's retail rate schedule and electrical service configuration. All provisions of the customer's retail rate schedule will continue to apply except as noted below.

DEFINITIONS

1. Combined Heat and Power (CHP): A system that generates electricity and useful thermal energy in a single, integrated system such that the useful power output of the facility plus one-half the useful thermal energy output during any 12-month period must be no less than 42.5 percent of the total energy input of fuel to the facility.
2. Customer Supply: Energy (kWh) from a customer-owned Net Metering Facility that exceeds the customer's load at a point in time and is fed back into the Company's electric system, as metered by the Company.
3. Customer Purchase: Energy (kWh) that is provided from the Company to the customer to serve the load that is not being served by a customer-owned Net Metering Facility, as metered by the Company.
4. Excess Generation: Equals the Customer Supply (kWh) less the Customer Purchase (kWh) over a monthly billing period. For time-of-use rates the Excess Generation corresponding to the on-peak and off-peak periods is computed for on-peak and off-peak periods over the monthly billing period. (Not to be less than zero).
5. Fuel Cell: A device that converts the chemical energy of a fuel directly into electricity without intermediate combustion or thermal cycles. For purposes of this rate schedule, the source of the chemical reaction must be derived from Renewable Resources.
6. Net Metering Facility: A facility for the production of electricity that:
  - a) Is operated by or on behalf of a Net Metering customer and is located on the net metering customer's premises and;
  - b) Is intended primarily to provide part or all of the net metering customer's requirement for electricity at the single point of electrical service where the generator is installed and;
  - c) Uses Renewable Resources, a fuel cell, or CHP to generate electricity and;
  - d) Has a generating capacity less than or equal to 125% of the net metering customer's Total Connected Load (kW), or in the absence of customer load data, capacity less than or equal to the customer's electric service drop capacity and;
  - e) Is interconnected with and can operate in parallel and in phase with the Company's existing distribution system.



**RATE RIDER SCHEDULE EPR-6 (NET METERING)  
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RATES FOR RENEWABLE RESOURCE FACILITIES  
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DEFINITIONS (Cont)

7. **Partial Requirements Service:** Electric service provided to a customer that has an interconnected Net Metering Facility whereby the output from its electric generator(s) first supplies its own electric requirements and any excess energy (over and above its own requirements at any point in time) is then provided to the Company. The Company supplies the customer's supplemental electric requirements (those not met by their own generation facilities). This configuration may also be referred to as the "parallel mode" of operation.
8. **Renewable Resources:** Natural resources that can be replenished by natural processes, including biogas, biomass, geothermal, hydroelectric, solar or wind.
9. **Non-Firm Power:** Electric power which is supplied by the Customer's generator at the Customer's option, where no firm guarantee is provided and the power can be interrupted by the Customer at any time.
10. **Firm Power:** Power available, upon demand, at all times (except for forced outages) during the period covered by the Purchase Agreement from the customer's facilities with an expected or demonstrated reliability which is greater than or equal to the average reliability of the Company's firm power sources. Determination of Firm Power will be in accordance with Rate Schedule EPR-2.
11. **Time Periods:** Mountain Standard Time shall be used in the application of this rate schedule. Because of potential differences of the timing devices, there may be a variation of up to 15 minutes in timing for the pricing periods. On-peak and off-peak time periods will be determined by the customer's retail rate schedule.
12. **Total Connected Load:** The maximum potential demand (kW) measured or calculated at the electrical service entrance section serving the Net Metering Facility.

TYPE OF SERVICE

Electric sales to the Company must be single phase or three phase, 60 Hertz, at one standard voltage as may be selected by customer (subject to availability at the premises).

BILLING

A. During the billing period for:

1. Customer Purchases in excess of Customer Supply:

Company shall bill the customer for the net kWh supplied by the Company in accordance with the customer's retail rate schedule.

2. Customer Supply in excess of Customer Purchases (Excess Generation):

Company shall credit the customer the Excess Generation kWh in subsequent billing periods.



**RATE RIDER SCHEDULE EPR-6 (NET METERING)  
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**BILLING (Cont)**

- B. For customers taking service under time-of-use rates, Customer Supply and Customer Purchases will be segmented by on-peak and off-peak periods. Excess Generation kWh credits will be applied to the time-of-use periods in which the kWh were generated by the customer. If necessary, a super off-peak period may be combined with an off-peak period for netting purposes. Likewise, a peak period may be combined with a super-peak or shoulder period for netting purposes. In either case, netting shall occur from the lowest price period first.
- C. Basic Service Charges and Demand charges (either metered or contract) will continue to apply in full.
- D. For the last billing period of each calendar year, or for the last billing period at the time the customer discontinues taking service under this rate rider scheduler:

The Company shall issue a billing credit to the customer for any remaining Excess Generation balance. In the event the customer's electric service is terminated, after applying a billing credit for any Excess Generation up to the amount the customers owes the Company, the Company shall issue a check for the remaining value of the Excess Generation balance. The credit will be determined by the Annual Purchase Rates for Excess Generation which are based on the Company's avoided costs and updated annually.

The annual billing credit for customers served under a time-of-use rate shall be based on the on-peak and off-peak Annual Purchase Rates applied to the remaining kWh bank balance for the on-peak and off-peak periods. The billing credit for customers served under a non-time-of-use rate shall be based on the total Annual Purchase Rate applied to the total remaining kWh bank balance.

**Annual Purchase Rates for Excess Generation (¢/kWh)**

	Non-Firm Power			Firm Power		
	On-peak	Off-peak	Total	On-peak	Off-peak	Total
Time-of-use rates	2.9432-890	2.8682-733		3.3183-220	2.9382-795	
Other rates			2.8952-789			3.0742-947

**DETERMINATION OF TOTAL CONNECTED LOAD**

The generating capacity (kW) of the Net Metering Facility shall be determined by the Company to be less than or equal to 125% of the customer's Total Connected Load (kW) if it is:

1. Less than or equal to 30 kW or
2. Less than or equal to 125% times the customer's maximum metered demand prior to installing the Net Metering Facility, using available billing information at the time a customer requests enrollment in Schedule EPR-6. If metered demand information is not available, it may be estimated by multiplying monthly metered energy times a conversion factor of 0.00342 (kW per kWh), which is derived from a 40% load factor and 730 hours per month, or
3. Less than or equal to 125% times the maximum demand (kW) specified in an electric supply agreement, or

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Phoenix, Arizona  
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Title: Pricing Manager  
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**RATE RIDER SCHEDULE EPR-6 (NET METERING)  
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**DETERMINATION OF TOTAL CONNECTED LOAD (Cont)**

4. Less than or equal to 125% times the Total Connected Load (kW), which shall be determined from certified detailed load information supplied by the customer and approved by the Company, or
5. Less than or equal to the customer's service run capacity as determined by APS, prior to any upgrade to accommodate the customer's Net Metering Facility. Condition 5 shall only apply if metered load and Total Connected Load (kW) information is not able to be calculated.

**CONTRACT PERIOD**

Any applicable contract period(s) will be set forth in an Agreement between the customer and the Company.

**METERING**

Customers served under this rate schedule will require a bi-directional meter that will register and accumulate the net electrical requirements of the customer. The bi-directional meter shall be provided at no additional cost to the customer. A bi-directional meter may not be required if the generating capacity of the Net Metering Facility is less than 20% of the customer's lowest billing demand over the 12 months prior to requesting enrollment in Schedule EPR-6, or as otherwise determined by the Company through available information, or if the customer agrees that they do not intend to net any Excess Generation on their monthly bill.

**TERMS AND CONDITIONS**

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