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AZ CORP COMMISSION
DOCKET CONTROL

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April 2, 2014

ORIGINAL

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

RE: Arizona Public Service Company's 2013 Demand Side Management
Implementation Plan, Docket No. E-01345A-12-0224

Pursuant to Decision No. 74406, dated March 19, 2014, Arizona Public Service
Company was ordered as follows:

Arizona Public Service Company shall file, with Docket Control, as compliance
items in this docket, its revised DSMAC-1 tariff and Experimental Service
Schedule 16, consistent with the terms of this Decision, within 15 days of the
effective date of the Decision in this matter.

Attached please find APS' updated DSMAC-1 tariff and Experimental Service Schedule
16.

If you have any questions regarding this information, please contact Gregory Bernosky
at (602)250-4849.

Sincerely,

Lisa Malagon

LM/cd
Attachments

cc: Brian Bozzo

Arizona Corporation Commission
DOCKETED

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**ADJUSTMENT SCHEDULE DSMAC-1
DEMAND SIDE MANAGEMENT
ADJUSTMENT CHARGE**

APPLICATION

The Demand Side Management Adjustment Charge ("DSMAC") shall be applied monthly to every metered and/or non-metered retail Standard Offer or Direct Access service. All provisions of the customer's currently applicable rate schedule will apply in addition to this adjustment charge. The DSMAC is applied to Standard Offer or Direct Access customer's bills as monthly charge to recover the cost of Commission approved demand side management programs above those costs included in base rates. The DSMAC will be changed in billing cycle 1 of the March revenue month and will not be prorated. The DSMAC and the RES adjustors may be combined on the customer's bill and appear on the "Environmental Benefits Surcharge" line. Details of how the DSMAC is derived and administered can be found in the Demand Side Management Adjustment Charge Plan for Administration.

RATE

The charge shall be calculated at the following rate:

For all residential customers and general service customers whose billing does not include demand charges:

All kWh	\$0.001845	per kWh
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For general service customers whose billing includes demand charges:

All billed kW	\$0.696	per kW
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SELF DIRECTION

Self direction of DSM charges collected through base rates and Adjustment Schedule DSMAC-1 shall be available for customers who use more than 40 million kWh per year, based on an aggregation of the usage for all the customer's accounts for the January through December billing months in the year the request for self direction is made.

Qualifying customers who elect to self direct their DSM charges must notify APS on or before December 1st in each year that they wish to self direct. Upon such notification, and verification of eligibility by APS, 85% of the customer's DSM charges paid over the January through December billing months in the election year will be reserved for tracking purposes for the customer's eligible energy efficiency project(s) to be completed within two years. The remaining 15% will be retained to cover the self direction program administration, management and verification, measurement and evaluation, and low-income program costs.

Customers who elect to self direct must continue to pay the DSM charges in base rates and Adjustment Schedule DSMAC-1.

Self direction shall be provided in accordance with the Self Direction Provisions approved in Arizona Corporation Commission (Commission) Decision No. 71448, Attachment C to the Settlement Agreement as modified from time to time with Commission approval.

Self direction amounts shall be the DSMAC-1 charges billed over the election year plus the DSM charges recovered in base rates. The latter shall be calculated by multiplying the kWh billed for the System Benefits Charge in the customer's current applicable rate schedule multiplied by \$0.000359 per kWh.



EXPERIMENTAL SERVICE SCHEDULE 16 HOME ENERGY INFORMATION PILOT

AVAILABILITY

This experimental service schedule is available in the Phoenix area and other areas served by the Company that are designated to be part of the pilot program. Service Schedule 16 was approved by the Arizona Corporation Commission in Decision No. 72214.

APPLICATION

The Experimental Service Schedule 16 is applicable to residential retail standard offer customers with an Advanced Metering Infrastructure (AMI) meter in place at time of service. All provisions of the customer's current applicable rate schedule will continue to apply in addition to the provisions in Service Schedule 16. The participating customer is requested to continue service under the pilot program through the end of the pilot program, but may discontinue participation at any time.

The pilot program shall consist of five options with associated technology devices and eligible rate schedules. Participation shall be limited to a total of 3,200 customers capped at the designated participation level for each option. However, the Company, at its discretion, may oversubscribe participation to allow for potential dropouts during the pilot period.

Option	Description	Eligible Residential Rate Schedules	Participation
A	Critical Peak Pricing with Customer Energy Control Device	E-12, ET-1, ET-2, with rider CPP-RES	0-300
B	In-home Energy Information Display (Program Discontinued)	E-12, ET-1, ET-2, ET-SP	0-300
C	Smart Thermostat or Control Switch with APS Direct Load Control of Air Conditioner	E-12, ET-1, ET-2	0-300
D	Qualifying Smart Phone, Personal Digital Assistant, and Computer Energy Information	E-12, ET-1, ET-2, ET-SP	0-300
E	Prepay Energy Service	E-12, E-12 Low Income, ET-1, ET-1 Low Income, ET-2, ET-2 Low Income, ET-SP	600-2,000

In addition, to be eligible for Options A and C the customer must own and reside in the home associated with the pilot program, and their average computed monthly bill during June through September must be \$150 or greater. Customers participating in Option D must own a qualifying smart phone, personal digital assistant or computer with required broadband service.

Customers participating in Option E must have an AMI remote disconnect function and may not participate in rider Rate Schedules CPP-RES, GPS-1, GPS-2, Solar-3, EPR-2, EPR-6 and E-4, or direct debit and budget billing programs. Option E shall only be available to customers for which prepayment is a reasonable and appropriate option. Eligible customers shall be provided a Prepay Service Agreement (attached to this Schedule as Attachment A) outlining the rules and requirements of Prepay Energy Service and must confirm their full understanding of this information prior to enrolling in the service. In addition, the Company shall ensure that appropriate protections are in place for elderly and low-income customers. Customers enrolled in the Company's Medical Care Preparedness Program may not participate in this offering.



EXPERIMENTAL SERVICE SCHEDULE 16 HOME ENERGY INFORMATION PILOT

DESCRIPTION OF SERVICES

Option A – Critical Peak Pricing with Customer Energy Control Device

Company shall provide a device in the customer's home that enables the customer to control their home energy usage to provide an automated response to critical peak pricing under Schedule CPP-RES. APS shall communicate to device to activate the customer's pre-programmed response during critical events. Customer may override the response.

Option B – In-home Energy Information Display (Program Discontinued)

Company shall provide a device in the customer's home that displays various energy usage and cost information.

Option C - Smart Thermostat or Control Switch with APS Direct Load Control of Air-conditioner

The Company will install a smart thermostat or control switch in the customer's home that will allow the Company to modify the thermostat settings through a remote signal in order to reduce the customer's energy usage during hours of extremely high electrical demand, high temperature, major generation or transmission outage, energy market disruptions, or other critical events.

Customer agrees to have a smart thermostat control device or switch installed in their home at Company expense and to allow the Company to remotely control their thermostat setting during high summer peak hours in accordance with the Direct Load Control Program Guidelines, which may be revised by the Company from time-to-time during the pilot program with notification to the customer.

Option D – Qualifying Smart Phone, Personal Digital Assistant and Computer Energy Information

Company shall provide an application for the customer's qualifying smart phone, personal digital assistant, or computer that will provide energy cost and usage information.

Option E – Prepay Energy Service

The Company provides customers a billing option, feedback on energy usage, and energy conservation information to enable participants to better understand and manage their energy consumption, costs, and payments.

The customer periodically prepays an amount towards their electric service in lieu of paying a monthly bill. The Company provides the customer with updated energy usage, cost, and account balance information to assist them in managing their energy dollars. Company will provide customers enrolled in Prepay Energy Service with daily account balance alerts. In lieu of a daily account balance alert, customers may elect to receive alerts only when their account balance falls below a designated threshold level selected by the customer or the default minimum threshold level set by APS.

Customer agrees to the provisions of prepay service as outlined in the Prepay Service Agreement (see Attachment A) and the Prepay Pilot Service Guidelines (attached to this Schedule as Attachment B). The Company shall solicit a minimum of 600 participants to study the impact of prepay service on their monthly energy consumption. The sample will be adequate to reliably represent low income and elderly customer segments.



EXPERIMENTAL SERVICE SCHEDULE 16 HOME ENERGY INFORMATION PILOT

DESCRIPTION OF SERVICES (cont.)

Participants of Prepay Energy Service will not receive written notice of disconnection. Therefore, A.A.C. R14-2-211 is waived for this service. However, the Company's existing disconnection protections with respect to extreme weather events shall apply to this service. Prepay Energy Service shall be provided according to the terms and conditions of Service Schedule 1 and the Prepay Pilot Service Guidelines. In case of a conflict, the provisions of the Prepay Pilot Service Guidelines shall apply.

The Company will document disconnections associated with Prepay Energy Service and provide documentation of disconnection history to low income customers so that customers applying for bill assistance can provide such information to groups such as the Arizona Community Action Association ("ACAA") as part of ACAA's application process.

TERMS AND CONDITIONS

1. The customer agrees to have the specified device or application installed in their home, smart phone, personal digital assistant or computer, as applicable, at Company expense.
2. The Company may substitute other smart devices in lieu of or in addition to a smart thermostat or in-home device as agreed to by the customer.
3. The customer may be required to sign a participant agreement as applicable.
4. The customer agrees to participate in marketing research conducted as part of the pilot program.
5. Customer may keep the device or application, as applicable, at the end of the program if they participate through the end of the pilot program.
6. For customers enrolled in Options A, C, or D who continue participation in the pilot program through the end of the pilot program, the Company shall provide a home energy audit at no expense to the customer. For Option E, the energy audit will be limited to customers who are solicited by APS to study their monthly energy impacts.
7. If customer discontinues participation prior to the end of the pilot program, the Company shall remove the device or application, as applicable, at Company expense.



APS PREPAY SERVICE AGREEMENT

1. **For an Existing Account:** I understand to change my existing account to a Prepay account I must pay at least \$20 to establish my Prepay credit balance, which will be used as my initial prepayment toward energy use. Additionally, I will receive a final APS bill with any outstanding balance for my existing account for which I am responsible.

For a New Account: I understand to activate my Prepay account I must pay a required nonrefundable \$25 residential Service Establishment Charge (SEC), plus applicable taxes, and at least \$20 to establish my Prepay credit balance. The SEC is a one time charge and those funds are not applied toward my credit balance or energy usage.
2. I understand if I or a member of my household becomes dependent on electrical devices for health-related reasons (up to and including life-sustaining equipment), I am not eligible for an APS Prepay account and it is my responsibility to communicate this to APS.
3. I understand I am not eligible to participate in the Equalizer level-billing program and some APS rate plans because they are designed for monthly billing. If I am currently on a qualifying rate plan, it will not be necessary to change my rate plan to participate in Prepay.
4. I understand that when necessary APS will estimate my usage if unable to obtain a meter reading from my meter, and this information will be used to determine my account balance. Any estimation or billing discrepancies will be trued-up to actual usage and billing amounts.
5. I understand that with an APS Prepay account I will no longer receive a paper or an electronic monthly bill, and that my Prepay account will be charged daily for my energy usage, basic service charge, miscellaneous charges and taxes.
6. I understand I will receive Prepay alerts and can choose to receive them as phone calls, text alerts (which may be charged to me by my phone provider) or e-mails (if my account is registered on aps.com), and I may designate a family member or friend to be my alternate contact.
7. I understand I am responsible for checking my account balance (which is available 24 hours a day, seven days a week, at aps.com or by calling APS) to ensure my account has a credit balance, and I should not depend solely on my Prepay alerts.
8. I understand I am responsible for updating my Prepay alert settings and contact information so APS can accurately send my Prepay alerts.
9. I understand I may use any of the existing APS payment options (with the exception of the SurePay or AutoPay automatic payment programs). To avoid having my electric service disconnected, it is my responsibility to allow enough time for a payment to be processed since some options require longer processing times than others. I understand that these payment options and processing times will be provided to me in my Welcome to Prepay packet.
10. I understand if my Prepay account does not have a credit balance, I will be sent a No Credit Disconnect alert **no later than 8:00 a.m. Mountain Standard Time and my electric service will be disconnected the same day beginning as early as 11:00 a.m. Mountain Standard Time, including weekends and holidays.**
11. I understand that if I do not re-establish a credit balance within five (5) calendar days of disconnection of my electric service my Prepay account will be closed and I will be sent a final bill. I understand that



if I re-establish my Prepay electric service within fourteen (14) calendar days of disconnection, the applicable SEC will be waived.

12. I understand when I make a payment to reconnect my electric service, I am authorizing APS to automatically reconnect electrical power to my home and **for safety reasons, I should keep my electrical appliances turned off until my service is reconnected.**
13. I understand if my Prepay account is permanently closed, I will be responsible for the payment of any outstanding balance which will be sent to me in a final APS bill.
14. I understand that my choice of service plan and the way I use energy impacts my cost of electricity. I understand that I can access my service plan either via aps.com or by calling APS.
15. I have reviewed and understand the Prepay Pilot Service Guidelines. If I choose to enroll by phone, I understand that the Prepay Pilot Service Guidelines will be provided in my Welcome to Prepay packet.



PREPAY PILOT SERVICE GUIDELINES

PREPAY PILOT OVERVIEW

Participation in the two-year Arizona Public Service Company Prepay Pilot Program (APS Prepay Pilot or Prepay Pilot) is limited to a maximum of 2,000 customers (with a minimum of 600 participants designated to have their energy usage tracked to measure the impact of the Prepay Pilot on a sample population with certain customer demographics). All participants will be requested to continue service through the duration of the program, but may discontinue participation at any time without penalty. The following description and general parameters will apply to the APS Prepay Pilot.

DESCRIPTION OF PREPAY SERVICE

The APS Prepay Pilot is an optional “pay as you go” program that provides customers with the ability to prepay an amount toward their electricity use (in lieu of receiving and paying a monthly bill). It also allows customers to track and receive feedback about their energy usage, costs and other information to save money and energy. APS will make usage and billing information available to customers via APS’s secure website and by calling APS. The Company will also send alerts to Prepay Pilot customers to provide them with tools to help them manage their energy usage and account balance. When customers no longer have a credit balance, they must replenish their account to avoid having their electric service disconnected. If a customer does not deposit funds into their Prepay account, their electric service will be disconnected as early as 11:00 a.m. Mountain Standard Time (MST) following customer receipt of a no credit disconnect alert. To reconnect service, a customer must reestablish a credit balance by making an adequate payment. Customers participating in the Prepay Pilot will not be charged otherwise applicable deposits, late fees, or reconnection fees.

GENERAL PARAMETERS

Eligibility

1. The Prepay Pilot is open only to APS residential service customers who have Advanced Metering Infrastructure (AMI) meters that are equipped with a remote disconnect feature and for whom prepayment is an appropriate option.
2. Customers enrolled in all current residential service plans will be eligible for the Prepay Pilot with the exception of those receiving service under service plans that include a demand component (Rate Schedules ECT-1R and ECT-2).
3. Customers receiving service under the optional Rate or Adjustment Schedules CPP-RES, GPS-1, GPS-2, Solar-3, EPR-2, and EPR-6 are not eligible for the Prepay Pilot. Additionally, customers enrolled in the Medical Care Preparedness Program (including those customers served under Rate Schedule E-4) are not eligible to enroll in the Prepay Pilot.



4. Customers who have enrolled in the Equalizer level-billing program or have automatic payments through SurePay or AutoPay are not eligible for the Prepay Pilot.
5. Customers wishing to participate in the Prepay Pilot who would not otherwise be eligible due to an existing delinquent account balance may, at the discretion of APS, transfer the delinquent balance or a portion of the balance to their Prepay account. Under this option, APS and the customer will agree that a designated portion of each prepayment will be automatically applied to the customer's delinquent balance until it is completely paid.

General Terms and Conditions

6. Mountain Standard Time (MST) shall be used in the application of the Prepay Pilot.
7. APS will take steps to ensure all customers adequately understand how the Prepay Pilot program works by providing an APS Prepay Service Agreement, a Welcome to Prepay packet, and ongoing educational information about energy efficiency and conservation.
8. Customers must agree to the terms and conditions expressed in the APS Prepay Service Agreement prior to their enrollment.
9. Access to energy usage and billing information shall be available at aps.com, by calling APS, and through alert systems to help customers manage their credit balance and usage.
10. New "turn-on of service" customers will not be required to pay a deposit regardless of their credit history. However, they must pay the \$25 residential Service Establishment Charge (SEC), plus applicable taxes, required of all new customers plus an initial minimum payment of \$20 to establish a credit balance.
11. Subsequent payment amounts must be at least \$1 and may be made using any of the payment methods available to non-prepay customers including U.S. mail, telephone, online, or in-person at an APS office or authorized payment location. The Welcome to Prepay packet provided to customers upon enrollment will contain information about payment options and payment processing times.
12. APS will determine the customer's daily billed amount based on usage and the customer's current retail rate schedule. Usage will be determined at approximately midnight (MST). Daily billed amounts will then be calculated and subtracted from the customer's account balance to determine any remaining balance.
13. Any estimation or billing adjustments will be trued-up to actual usage and billing amounts.
14. Customers enrolled in the Prepay Pilot program will receive daily balance alerts. In lieu of daily balance alerts, customers may elect to receive low balance alerts which occur when the account balance falls below a designated threshold the customer chooses. However, the minimum threshold for a low balance alert must be at least \$19. Low balance alerts will continue daily until the account balance is replenished and exceeds the minimum threshold.
15. Customers will designate the method by which they want APS to send them alerts (for example, by email, telephone message, or text message).
16. In addition to receiving alerts, customers may access their account balance by speaking with an APS associate, calling APS's automated phone system, or checking aps.com.
17. The Prepay Pilot will follow APS's monitoring and disconnection processes for extreme weather events as outlined in Service Schedule 1.



18. If necessary, APS will estimate a Prepay customer's energy usage according to Service Schedule 8.
19. If a customer's Prepay account balance becomes negative, the Company will alert the customer via their chosen alert method. The customer must then immediately add funds to his/her account to prevent disconnection.
20. If a negative balance is not immediately remedied, the customer's electrical service will be disconnected as early as 11:00 a.m. on the day that notice of the negative balance was provided to the customer. If a customer does not re-establish a credit balance within five (5) calendar days of disconnection, his/her account will be closed and APS will send the customer a final bill.
21. If a customer is disconnected due to a negative balance, and the customer requests re-establishment of their Prepay account within fourteen (14) calendar days of disconnection, APS will waive the otherwise applicable SEC.
22. Should customers have any unresolved concerns or issues associated with Prepay service, Arizona Corporation Commission Consumer Services may be reached at (602) 542-4251 or Toll Free 1-800-222-7000 (In-State Only).