



**RATE SCHEDULE E-55
CLASSIFIED SERVICE
PARTIAL REQUIREMENTS SERVICE 3,000 kW OR GREATER**

AVAILABILITY

This rate schedule is available in all territory served by Company at all points where facilities of adequate capacity and the required phase and suitable voltage are adjacent to the premises served and when all applicable provisions described herein have been met.

APPLICATION

This rate schedule is applicable to any non-residential Standard Offer customer requiring Partial Requirements services, Supplemental Power, Standby Power or Maintenance Energy with an aggregate Partial Requirements service load of no less than 3,000 kW. Customer may elect to take any of the Partial Requirements services offered hereunder (Supplemental Power, Standby Power and Maintenance Power) independently of one another or in combination with one another as required.

Customers having Standby Service requirements not exceeding 2,999 kW shall be allowed to designate specific periods and hours within a month for which utilization of Standby Service is required (see Designated Standby Service Hours).

Direct Access customers are not eligible for service under this schedule.

Additionally, this rate schedule is applicable only to customers being served on the Company's Rate Schedule E-55 prior to July 1, 2007.

TYPE OF SERVICE

The type of service provided under this schedule will be single or three phase, 60 Hertz, at one standard voltage as may be selected by Customer subject to availability at Customer's premise.

RATES

The bill shall be the sum of the amounts computed under A., B., C., and D. below, including any applicable adjustments:

A. Basic Service

Cogeneration Basic Service Charge:

For applications no greater than 15,000 kW: \$ 54.950 per day, or

For applications greater than 15,000 kW: \$ 54.950 per day, plus an adder for recovery of non-standard metering costs and related O&M expenses as set forth in an Agreement for Service

Generation Meter Charge: \$ 2.055 per day per meter

B. Supplemental Service

Supplemental service will be provided in accordance with the rate levels contained in General Service Rate Schedule E-32, excluding the monthly Basic Service Charge (or Rate Schedule E-34 if Supplemental Power requirements are 3,000 kW or more).



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RATES (cont)

C. Standby Service

The monthly charge for Standby Service shall be the sum of the amounts computed in accordance with sections 1, 2 and 3 below:

1. For customers taking service at voltage levels of less than 69 kV, a Monthly Reservation Charge of either a, b, c or d:
 - a) \$ 4.21 per kW of Contract Standby Capacity for Standby Service customers with alternate supply resources demonstrating an aggregate Capacity Factor of 95% or greater during the billing month.
 - b) \$ 5.14 per kW of Contract Standby Capacity for Standby Service customers with alternate supply resources demonstrating an aggregate Capacity Factor between 90% - 94.9% during the billing month.
 - c) \$ 6.77 per kW of Contract Standby Capacity for Standby Service customers with alternate supply resources demonstrating an aggregate Capacity Factor between 80% - 89.9% during the billing month.
 - d) Standby Service customers whose alternate supply resource(s) achieved an aggregate capacity factor of less than 80% during a billing month shall be assessed the same charge as set forth in Section VIII.A of this rate schedule.
2. For customers who take service at voltage levels of 69 kV or greater, a Monthly Reservation Charge of either a, b, c or d:
 - a) \$ 1.45 per kW of Contract Standby Capacity for Standby Service customers with alternate supply resources demonstrating an aggregate Capacity Factor of 95% or greater during the billing month.
 - b) \$ 2.30 per kW of Contract Standby Capacity for Standby Service customers with alternate supply resources demonstrating an aggregate Capacity Factor between 90% - 94.9% during the billing month.
 - c) \$ 4.11 per kW of Contract Standby Capacity for Standby Service customers with alternate supply resources demonstrating an aggregate Capacity Factor between 80% - 89.9% during the billing month.
 - d) Standby Service customers whose alternate supply resource(s) achieved an aggregate capacity factor of less than 80% during a billing month shall be assessed the same charge as set forth in Section VIII.B of this rate schedule.



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RATES (cont)

C. Standby Service (cont)

3. Standby Energy Charge:

June – October Billing Cycles (Summer)	November – May Billing Cycles (Winter)
\$0.03040 per kWh during On-Peak hours, plus \$0.01616 per kWh during Off-Peak hours	\$0.02605 per kWh during On-Peak hours, plus \$0.01033 per kWh during Off-Peak hours

The charges for Standby Service contained in Section C herein reflect the Company's costs to serve Standby Service loads. For applications where the charges for Standby Service stated herein are not competitive with customer installed standby resource alternatives, the Company may negotiate alternate Monthly Reservation Charges from those contained in this rate schedule; however, the maximum discount allowed shall not be greater than fifty percent (50%) of the Reservation Charges stated herein; however, such discount shall not result in a reservation charge lower than the Company's long run capacity costs associated with this service. No changes to the Standby Energy Charge rate component shall be allowed.

To be eligible for negotiated Monthly Reservation Charges different than those contained herein, the customer must demonstrate to the Company's satisfaction and provide conclusive documentation (e.g., engineering studies, analysis, etc.) that the customer's on-site self-generation resource(s) would be a lower cost option over the life of the equipment than had the customer subscribed to Standby Service from the Company. Notwithstanding the potential competitiveness of the customer's self generation standby facilities, the Company in its sole opinion, shall have the option of not offering any discounts to the otherwise applicable Reservation Charge.

D. Maintenance Service

Maintenance Energy:	\$0.02605	per kWh during On-Peak hours, plus
	\$0.01033	per kWh during Off-Peak hours

E. Energy Rates

The energy rates in Sections C and D above are based on the Company's estimated marginal costs and will be updated annually to reflect changes in the Company's fuel costs.

DETERMINATION OF SUPPLEMENTAL SERVICE

Supplemental service shall be defined as demand and energy contracted by the customer to augment the power and energy generated by the customer's generation facility.



SUPPLEMENTAL SERVICE (cont)

Supplemental demand shall be the highest 15-minute interval during the billing month which shall equal (a) the 15-minute integrated kW demand calculated for every 15-minute interval as recorded on the Supply Meter, plus (b) the simultaneous 15 minute integrated kW demand as recorded on the Generator Meter(s), less (c) the aggregate Contract Standby Capacity of all the customer's generating units; however, the result shall never be less than zero (0) for purposes of determining Supplemental Demand. If Company authorized scheduled maintenance was being performed on any of the customer's generators at the time of the highest 15 minute interval during the billing month, the amount of demand recorded on the Supply Meter shall be reduced by the applicable Maintenance Power Level

(as determined in Section VII hereof) of the generator unit(s) undergoing authorized scheduled maintenance for purposes of calculating supplemental demand used for billing.

The customer's maximum Supplemental Service kW requirements shall not exceed that established in the Electric Supply Agreement.

Supplemental energy shall be equal to all energy supplied to the customer as determined from readings of the Supply Meter, less any energy determined to be either Standby or Maintenance energy as defined in this Schedule.

DETERMINATION OF STANDBY ENERGY

Standby Energy shall be defined to be electric energy supplied by the Company to replace power ordinarily generated by the customer's generation facility during unscheduled full and partial outages of said facility.

When the sum of the energy measured on both the Supply and Generator(s) Meters during simultaneous periods is greater than the maximum energy output of the generator(s) at Contract Standby Capacity, the Standby Energy shall be equal to the summation of the differences between the maximum energy output of the generator(s) at Contract Standby Capacity and the energy measured on the Generator Meter(s) for every 15-minute interval of the month, except when maintenance power is being utilized or those intervals where energy measured on the Supply Meter is zero. When the sum of the energy measured on both the Supply and Generator(s) Meter is equal to or less than the maximum energy output of the generator(s) at Contract Standby Capacity, then the Standby energy shall be that energy measured on the Supply Meter.

DETERMINATION OF MAINTENANCE ENERGY

Maintenance energy shall be defined as energy supplied to the customer to replace energy normally supplied by the customer's generator(s) during an authorized Scheduled Maintenance period.

Maintenance periods shall not exceed 30 days per cogeneration unit during any consecutive 12-month period and must be scheduled during the non-Summer billing months. The customer shall provide the Company with its planned maintenance schedule 12 months in advance of any planned maintenance in order for the Company to coordinate customer's scheduled maintenance with that of the Company. Upon review, the Company shall either approve customer's planned maintenance schedule or notify customer of alternate acceptable periods. The customer, in turn, shall notify the Company of an acceptable alternate maintenance period(s), and shall also confirm with the Company its intention to perform its planned maintenance 45 days prior to the actual commencement date of the planned maintenance period.

Any energy used in excess of a 30-day period or unauthorized maintenance energy shall be billed on either the Standby or Supplemental Rate as specified in this Schedule.



DETERMINATION OF MAINTENANCE ENERGY (cont)

Maintenance energy, during a Company authorized period of scheduled maintenance to a customer's generation unit(s), shall be determined as follows:

Maintenance Power Level = (Contract Standby Capacity) X (Generating Unit(s) Capacity Factor for the most recent 12 months)

The maintenance power level as determined by the above formula shall not exceed any actual 15 minute interval of integrated kW demand as recorded on the supply meter.

If the customer has less than 12 months of billing history on Standby Service, use the capacity factor demonstrated to date; however, not less than one full month.

Maintenance Energy = (Maintenance Power Level) X (hours of maintenance authorized by Company during billing month)

CAPACITY FACTOR STANDARDS

The customer's generating unit(s) must maintain a Capacity Factor of no less than 75% over a continuous rolling 18 month period to remain eligible to receive Standby Service under this rate schedule. The calculation of the Capacity Factor is designed so that the customer shall not be subject to this Capacity Factor Standard provision for any purpose other than substandard operational performance of the customer's generating unit(s) recognizing that the customer's load profile may not require the full output capability of such generation unit(s). If the Capacity Factor falls below 75%, in lieu of the otherwise applicable Reservation Charge for Standby Service, the customer shall be assessed a monthly Reservation Charge the greater of:

- A. For customers taking service at voltage levels of less than 69 kV:
 - 1. \$ 21.28 per kW/month X 2/3 X Contract Standby Capacity; or
 - 2. \$ 21.28 per kW/month X Maximum Standby Capacity
(If customer's system is directly interconnected with the Company's bulk transmission system, the applicable Reservation Charge shall be \$ 18.05 per kW per month.)

- B. For customers who take service at voltage levels of 69 kV or greater:
 - 1. \$ 18.94 per kW/month X 2/3 X Contract Standby Capacity; or
 - 2. \$ 18.94 per kW/month X Maximum Standby Capacity
(If customer's system is directly interconnected with the Company's bulk transmission system, the applicable Reservation Charge shall be \$ 18.11 per kW per month.)



CAPACITY FACTOR STANDARDS (cont)

Maximum Standby Capacity is the maximum 15-minute interval of Standby Power provided to the customer by the Company during the billing month. Maximum Standby Capacity shall equal the highest 15-minute interval during the billing month of the following calculation:

$$MSC = \Sigma CSC - \text{Maint.}$$

Where:

MSC = Maximum 15-minute interval during the billing month of Standby Power (kW) being supplied by Company.

Σ CSC = The aggregate Contract Standby Capacity of all the customer's self-generation units.

Maint = The simultaneous 15-minute interval of any Maintenance Power (kW) being supplied to the customer by the Company.

METERING

The Company will install a Supply Meter at its point of delivery to the customer and a Generator Meter(s) at the point(s) of output from each of the customer's generators. All meters will record integrated demand and energy on the same 15-minute interval basis as specified by the Company.

DEFINITIONS

1. Contract Standby Capacity - for each specific customer generating unit for which the Company is providing Standby Service, Contract Standby Capacity shall be the greater of: a) the measured kW output of each customer self-generation unit at time of start-up test, or b) the highest 15 minute measured kW output of each generating unit, however, not to exceed the customer's actual total load.
2. Generator Meter - the time-of-use meter used to measure in 15-minute intervals the total power and energy output of each cogeneration unit.
3. Designated Standby Service Hours - Customers requiring Standby Service for less than the total hours in a billing month shall be allowed to designate those periods and hours of a month when Standby Service is required. These Designated Standby Service Hours shall represent those hours within a billing month during which the customer is authorized to utilize Standby Service. Use during any period or hours other than Designated Standby Service Hours shall represent an Unauthorized Use of Standby Service subject to certain special provisions for determining the appropriate Capacity Factor value during billing periods when unauthorized Standby Service was utilized. Such hours shall be specified in whole hour intervals beginning on an hour for each designated day of the week. Designated Standby Service Hours shall never total less than 365 hours a billing month. This provision is applicable only to those customers whose Standby Service requirements are less than 3,000 kW.



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DEFINITIONS (cont)

4. Capacity Factor - for purposes of this rate schedule, capacity factor shall mean the capacity factor of the customer's generating unit(s) and shall not reflect any period of time during a billing month that Company authorized Maintenance Power was being utilized. The Capacity factor shall be calculated in accordance with the following formula:

$$\text{Capacity Factor} = \frac{\text{Actual customer generated kWh's during the billing month}}{A}$$

For purposes of use in this rate schedule, the value of the capacity factor calculation shall never exceed 100%.

Where:

A = The lesser of: a) [(Contract Standby Capacity) X (MH)]; or
 b) CTL

For customers having Standby Service Requirements of 3,000 kW or greater:

MH = Hours in the billing month exclusive of any hours during the billing month that the customer's unit(s) were non-operational during Company authorized scheduled maintenance.

CTL = The customer's maximum total load during the billing month as determined by the total energy generated on customer's generating unit as recorded on the Generator Meter plus all energy provided by Company during the billing month (exclusive of maintenance energy) as recorded on the Supply Meter.

For customers having Standby Service Requirements of less than 3,000 kW:

MH = The number of Designated Standby Service Hours in the billing month, exclusive of any hours during the billing month that customer's unit(s) were non-operational during Company authorized scheduled maintenance, for which the customer has contracted for Standby Service (but not less than 365 hours per billing month).

In the event the customer utilizes Standby Service in any period other than during Designated Standby Service Hours, MH shall be represented as the actual number of hours in the billing month (exclusive of any hours during which the customer was receiving Company authorized scheduled Maintenance Energy).

Furthermore, in the event there are more than two (2) instances in any 12 month rolling period of Unauthorized Use of Standby Service, MH shall be represented as the actual number of hours in the billing month (exclusive of any hours during which the customer was receiving Company authorized scheduled Maintenance Energy) for the month during which the third breach of service occurred, and for the next three months thereafter. At the end of any three month period, a new twelve (12) month rolling period shall commence for determining the number of instances of Unauthorized Use.



DEFINITIONS (cont)

CTL = Customer's maximum total load during the billing month during the Designated Standby Service Hours for which the customer has contracted for Standby Service (but not less than 365 hours per month). as determined by the total of energy generated on the customer's generating unit as recorded on the Generator Meter plus all energy provided by the Company during the billing month (exclusive of maintenance energy) as recorded on the Supply Meter.

CTL shall represent the customer's maximum total load during the hours in the billing month for which use of Standby Service has been authorized as set forth in the definition of Designated Standby Service Hours. CTL shall be calculated by first adding the maximum simultaneous 15-minute kW peak periods as recorded on the Supply Meter and Generator Meter(s) during authorized periods of Standby Service the sum of which is then multiplied by MH.

In the event the customer utilizes Standby Service during any period of a billing month other than those authorized, CTL shall represent the customer's maximum total load (peak demand) during the billing month calculated as the sum of the maximum simultaneous 15-minute kW peak period during the billing period recorded on the Supply Meter and the Generator Meter(s) during all hours of the billing month. CTL shall be similarly calculated for any other months during which the provision for breach of service explained in the definition of MH above is being assessed.

CTL shall only be used for calculating Capacity Factor in those months where the customer's maximum kW load is less than total Contract Standby Capacity.

5. Supply Meter - the time-of-use meter used to measure in 15-minute intervals the total power and energy supplied by Company to Customer.
6. Time Periods -
On-Peak Period: 9 a.m. - 9 p.m. Monday through Friday
Off-Peak Period: All Other Hours

Mountain Standard Time shall be used in the application of this rate schedule. In addition, to prevent radical changes in the system loads the beginning and ending hours for individual customers may be varied by up to one hour (total hours in each time period to remain unchanged) and because of potential differences of the timing devices, there may be a variation of up to 15 minutes in timing for the pricing periods.

7. Unauthorized Use - any period or hour of the month that the customer utilized Standby Service other than Designated Standby Service Hours.

CHANGE IN DESIGNATED STANDBY SERVICE HOURS

Customers for which Designated Standby Service Hours are applicable shall be allowed no more than one (1) change in their Designated Standby Service Hours during any eighteen (18) month time period. In no event shall the total of Designated Standby Service Hours during a month fall below 365 hours.



POWER FACTOR

The customer deviation from phase balance shall not be greater than ten percent (10%) at any time. Customers receiving service at voltage levels below 69 kV shall maintain a power factor of 90% lagging but in no event leading unless agreed to by Company. Service voltage levels at 69 kV or above shall maintain a power factor of \pm 95% at all times. In situations where Company suspects that a customer's load has a non-confirming power factor, Company may install at its cost, the appropriate metering to monitor such loads. If the customer's power factor is found to be non-conforming, the customer will be required to pay the cost of installation and removal of VAR metering and recording equipment.

Customers found to have a non-conforming power factor, or other detrimental conditions shall be required to remedy problems, or pay for facilities/equipment that Company must install on its system to correct for problems caused by the customer's load. Until such time as the customer remedies the problem to Company satisfaction, kVa may be substituted for kW in determining the applicable charge for billing purposes for each month in which such failure occurs.

ADJUSTMENTS

1. The Environmental Portfolio Surcharge shall be applied to every retail electric service as set forth in the Company's Adjustment Schedule EPS-1 or successor schedules as approved by the Arizona Corporation Commission.
2. The bill is subject to the Power Supply Adjustment factor as set forth in the Company's Adjustment Schedule PSA-1 pursuant to Arizona Corporation Commission Decision No. 67744 and Arizona Corporation Commission Decision No. XXXXX.
3. The bill is subject to the Transmission Cost Adjustment factor as set forth in the Company's Adjustment Schedule TCA-1 pursuant to Arizona Corporation Commission Decision No. 67744.
4. The bill is subject to the Environmental Improvement Surcharge as set forth in the Company's Adjustment Schedule EIS pursuant to Arizona Corporation Commission Decision No. XXXXX.
5. The bill is subject to the Competition Rules Compliance Charge as set forth in the Company's Adjustment Schedule CRCC-1 pursuant to Arizona Corporation Commission Decision No. 67744.
6. Direct Access customers returning to Standard Offer service may be subject to a Returning Customer Direct Access Charge as set forth in the Company's Adjustment Schedule RCDAC-1 pursuant to Arizona Corporation Commission Decision No. 67744.
7. The bill is subject to the Demand Side Management Adjustment charge as set forth in the Company's Adjustment Schedule DSMAC-1 pursuant to Arizona Corporation Commission Decision No. 67744.
8. The bill is subject to the applicable proportionate part of any taxes or governmental impositions which are or may in the future be assessed on the basis of gross revenues of APS and/or the price or revenue from the electric energy or service sold and/or the volume of energy generated or purchased for sale and/or sold hereunder.



TERMINATION PROVISION

Should the customer cease to operate his cogeneration unit(s) for 60 consecutive days during periods other than planned scheduled maintenance periods, the Company reserves the option to terminate the Agreement for service under this rate schedule with the customer.

CONTRACT PERIOD

Any applicable contract period will be set forth in the Electric Supply Agreement between the Company and the customer.

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, which contains 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 contract or service agreement.

The customer must enter into an Agreement for the Interconnection and The Sale of Power with Company and an Electric Supply Agreement which shall establish all pertinent details related to interconnection and other required service standards. The customer will not have the option to sell power and energy to the Company under this tariff. Should the customer desire to do so, the customer would be required to enter into a new Service Agreement which would set forth the applicable purchase rate in addition terms and conditions for interconnection and for the sale of power to the Company.

The customer will be required to contract for adequate standby power to cover the total output of all the customer's generators unless adequate facilities have been installed, to the satisfaction of APS, that isolate portions of the customer's load from APS' system so that APS will in no event be providing standby service in excess of Contracted Standby Capacity.

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